FRANCHISE DISCLOSURE DOCUMENT

THE SAILTIME GROUP, LLC
(a Maryland limited liability company)
105 Eastern Avenue, Suite 102
Annapolis, MD 21403
(855) 855-SAIL
E-Mail: info@sailtime.com
Website: www.sailtime.com;
www.powertimeboating.com

The franchise offered is for the establishment and operation of a fractional boating business which offers sailboat and/or powerboat shared usage memberships.

The total investment necessary to begin operation of a SailTime or PowerTime franchise is from $74,675 to $151,950. This includes from $27,500 to $67,000 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 15, 2025

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit I.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only SailTime business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a SailTime franchisee?	Item 20 or Exhibit I lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in the county where the franchisor's principal place of business is located, which currently is Anne Arundel County, Maryland. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Maryland than in your own state.

2. **Mandatory minimum payments**. You must make minimum royalty, advertising and other payments regardless of your sales levels. Your inability to make payments may result in termination of your franchise and loss of your investment.

3. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" to see whether your state requires other risks to be highlighted.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The Franchisor is The SailTime Group, LLC. For ease of reference, The SailTime Group, LLC will be referred to as "**we**", "**us**" in this Disclosure Document. We will refer to the person who buys the franchise as "**you**" throughout this Disclosure Document. If the franchisee is a corporation, partnership or limited liability company, certain provisions of the Franchise Agreement will also apply to the owners and will be noted.

We are a Maryland limited liability company with a principal place of business at 105 Eastern Avenue, Suite 102, Annapolis, Maryland 21403. We conduct business under the names "The SailTime Group, LLC", "SailTime" and "PowerTime." Our agents for service of process are disclosed in Exhibit B. We conduct no business other than the franchising activities described in this disclosure document. We have never conducted a business of the type to be operated by the franchisee, but our affiliate SailTime BOC – Annapolis, LLC has done so since its founding in the year 2009.

Predecessors, Parent and Affiliates

Our immediate predecessor is The SailTime Group, LLC, a Georgia limited liability, which also maintained its principal place of business 105 Eastern Avenue, Suite 102, Annapolis, Maryland 21403. That company was originally formed in 2006 as STLG Again, LLC, shortly thereafter changed its name to SailTime Licensing Group, LLC, and then changed its name to The SailTime Group, LLC in 2008. It was merged into us effective January 1, 2013 and we are a continuation of our predecessor for all purposes.

Our past predecessor is SailTime Licensing Group, LLC, Texas, a Texas limited liability company which is no longer in operation and from which our predecessor purchased the SailTime trademarks and business system in 2006.

Our parent company is Sea Style Acquisitions, LLC, a Maryland limited liability company whose principal address is also 105 Eastern Avenue, Suite 102, Annapolis, Maryland 21403.

Our affiliate, SailTime BOC – Annapolis, LLC, a Maryland limited liability company that is also owned by our parent company, was formed and began operating a SailTime base in Annapolis, Maryland during 2009 from the same principal business address as us and our parent.

Our affiliate, SailTime Yacht Sales LLC, a Maryland limited liability company, that is also owned by our parent company, is a licensed boat dealer that represents boat manufacturers in selling boats into the SailTime program. Its principal place of business the same principal business address as us and our parent.

Neither our parent, our affiliates nor our predecessor have ever offered franchises in this or any other line of business.

The Franchise.

We offer franchises for the establishment and operation of a Watercraft shared usage business also known as a fractional boating business, along with related activities such as renting Watercraft on a per usage basis (known as "Charter") and training individuals on the proper operation of vessels (known as "Sailing School"). You can choose to operate a sailing shared usage business as SailTime, a powerboat shared usage business as PowerTime, or a shared usage business for both sailing and powerboats using both trademarks. "Watercraft" means a Sailing Vessel and/or Powerboat, as applicable to the franchised business, for which members have contracted with you to share usage. We refer to the location where you will dock the boats in your fleet as your "Base." As a Base owner, you will have the right to use our applicable trademarks, along with our operations manual and software which are designed to aid in the marketing and operation of the Base. The only difference between a SailTime base and a PowerTime base is that a SailTime base solely offers shared usage of Sailing Vessels, whereas a base that operates as a PowerTime exclusively solely offers shared usage in Powerboats.

Under our franchise agreement we grant franchisees the right (and they accept the responsibility) to operate a Base as a sailing shared usage business, a powerboat shared usage business or a shared usage business for both sailing and powerboats. We may periodically make changes to the systems, the standards, the signage, the products, and the vessel and equipment requirements. You may have to make additional investments in the franchised business periodically during the term of the franchise if those kinds of changes are made; or for other reasons such as the need to comply with a change in system standards or codes. Presently, all 10 PowerTime Bases are operating as additions to SailTime Bases.

Our Bases are membership organizations. Each Watercraft vessel is "shared" by up to seven members and one owner who each are guaranteed, but not restricted to, a guaranteed number of sail times every month. Additionally, Members are entitled to unlimited "as-available" use on a 36-hour notice at no extra cost. In operating a Base, you must purchase the first applicable class of vessel (either sailing, power or one of each) and then sell memberships for the vessel(s). For each subsequent vessel added to your Base's fleet, you will advertise and find one person to be the owner-member who will pay a deposit for purchase of the vessel and finance the remaining cost or purchase the boat outright. Your responsibility will be to recruit members for each vessel; collect the membership fees; pay the owner's expenses for that vessel, including a fixed or variable monthly payment, plus the slip fees, insurance and maintenance charges; ensure that the vessels are properly maintained; and communicate with the members. As a Base owner you also will be able to sell other products containing our logo and trademark to members, owner-members and other people.

You may also choose to provide Charter or Sailing School services using the licensed trademark for your members and other prospective boaters in the community who are looking for a way to get started in boating. If you have operated a Charter and/or Sailing School business for at least one (1) year prior to entering into our franchise agreement, then you are permitted to continue to operate that pre-existing business under your existing name; however, at any time during the term we may send you a notice of our intent to offer Charter and/or Sailing School services under the SailTime name in the Territory, either directly or through a third party licensee, at which point you will have 60 days to decide whether to bring your Charter and/or Sailing School into the franchise by signing an addendum to the franchise agreement. If you decline to do so we may move forward with offering the applicable service with the Territory in competition with your pre-existing, separately named business, and you will not have the right to use the otherwise licensed trademark in association with Charter and/or Sailing School

services. With regard to either of those business segments, if you do not fit the criteria of an existing operator but choose to offer Charter and/or Sailing School services, then you must provide the service solely under the licensed trademark as part of your franchise for all purposes.

We have operated SailTime Bases of the type being franchised but do not currently do so. Our sister company operates the SailTime and PowerTime Base in Annapolis, Maryland, as described above. We currently engage in no other business other than offering franchises for SailTime and PowerTime Bases, and assisting and overseeing SailTime and PowerTime franchisees. However, one of the owners of our parent company operates a SailTime Base and PowerTime Base as our franchisee, and our CEO also oversees the operation of the Annapolis Base.

Our franchisees have operated SailTime Watercraft shared usage businesses since 2003. We have offered SailTime franchises since 2009, and PowerTime franchises since 2019. We have never offered franchises in any other line of business. We also license others to operate SailTime businesses in Canada, and Australia, and presently have a franchise operating in Toronto, Canada, and 3 Bases operating in Australia.

General Description of Market and Competition.

The market for the services and products you will provide consists of members of the general public seeking the benefits of having access to a sailboat or powerboat without the expense and hassle of traditional ownership. Your customers will purchase a membership to share the usage of a sailboat or powerboat with other members. This type of business is referred to as fractional boating. The market for fractional boating is developing. Since weather is also a factor in the usage of boats, sales may be seasonal depending on the location of your Base. You will compete with other fractional boating companies as well as other regional and local fractional boating programs or clubs.

Regulations Specific to the Industry.

As a boating facility, some states will require boat operators of SailTime and PowerTime Bases to obtain licenses. Also, many Watercraft vessels need to be registered with the United States Coast Guard or State entities, and sometimes both, at the time the vessel is purchased.

Agent for Service of Process.

Our agent for service of process is disclosed in Exhibit B to this Disclosure Document.

ITEM 2

BUSINESS EXPERIENCE

President and Chief Executive Officer: Todd Hess

Since February 1, 2010, Mr. Hess has been our President and Chief Executive Officer and has held the same positions with our parent, Sea Style Acquisitions, LLC, as well as our affiliate SailTime BOC – Annapolis, LLC. He has been a member of our Executive Committee since our founding in 2006.

Chief Financial Officer: Wayne Diviney

Mr. Diviney has been our Chief Financial Officer since February 2009. He was our President and Chief Executive Officer from our inception until February 2009, and has been a member of our Executive Committee since our founding. Mr. Diviney was the sole Member of our franchisee Chesapeake Yacht Ventures, LLC d/b/a SailTime Virginia Beach, Virginia from February 2005 until November 2020.

Chief Operating Officer: Robert J. Remsing

Mr. Remsing has been a member of our Executive Committee since our founding in 2006. He has been our Chief Operating Officer since May 2014, and was our Business Development Director from January 2010 until May 2014 primarily in charge of our relationships with boat manufacturers. Mr. Remsing has been the co-owner and Vice President of our franchisee Creative Yacht Management, Inc., d/b/a SailTime Chicago, located in Chicago, Illinois, since 2005. Additionally, from 1991 to the present Mr. Remsing has been the President and founder of Remsing Construction Company, Inc. a general contracting and construction management firm located in Crystal Lake, Illinois.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

The initial franchise fee ("Franchise Fee") for your franchise depends on the type of Base. If you choose to operate either a sailing business, under the SailTime trademark, or a power boating business, under the PowerTime trademark, the Franchise Fee is twenty-five thousand dollars ($25,000.00). If you choose to operate a business that offers both sailing and power boating products and services under both the SailTime and PowerTime trademarks, your Franchise Fee is thirty-five thousand dollars ($35,000.00). During our last fiscal year, we sold one new franchise and received an initial franchise fee of $25,000.

Typically we will require you to pay us the entire Franchise Fee which is due upon execution of the Franchise Agreement. Occasionally we have permitted a new franchisee to pay 50% of the franchise fee at signing of the franchise agreement, with the remaining 50% due when the franchise has launched their first boat. All initial fees are nonrefundable.

If you initially purchase only the SailTime or PowerTime franchise rights, then during the one (1) year thereafter, and provided that you are not in default under your franchise agreement, you will have an exclusive right to purchase the franchise for the other Mark by paying us an additional $10,000 franchise fee. If you do not exercise this option by the 1st anniversary of the franchise, then you may still purchase the franchise for the other Mark by paying us an additional $10,000 franchise fee, which we may accept or reject for any reason or no reason, but your right will not be exclusive and we may grant the franchise rights for the other Mark to anyone else or operate directly within the Territory with regard to the other type of Watercraft.

If you are a franchisee who entered into a franchise agreement prior to the effective date of this disclosure document and operate under either one of the Marks, you may purchase a right to use the other Mark under the same terms as in the preceding paragraph by executing a Franchise Agreement Addenda for Alternative Watercraft License, in the form attached hereto as Exhibit K.

During the first year of the franchise you must purchase the first vessel to be used in your Base's fleet from an approved manufacturer. If you or your affiliate is a licensed dealer of an approved manufacturer's Watercraft, then you will purchase that Watercraft directly from the manufacturer. You must pay us a $2,500 initiation fee to add that Watercraft to the Embark software calendar.

If you or your affiliate is not a licensed dealer of an approved manufacturer's Watercraft, then you must purchase the first vessel for your Base's fleet through our affiliate, SailTime Yacht Sales, LLC, and you are not required to pay us the watercraft initiation fee specified above. Our affiliate's New Yacht Purchase Agreement is attached as Exhibit D to this disclosure document. You must make down payment for the vessel that will be range from approximately $35,000 and $40,000, depending on the model ordered, and usually represents slightly more than 10% of the vessel's total purchase price. You must pay the deposit to our affiliate within 90 days of signing the franchise agreement, to insure construction and commissioning of the vessel within 6 months of signing the franchise agreement, and is non-refundable when paid. After ordering the vessel, you may not cancel the New Yacht Purchase Agreement unless the manufacturer's final price for the vessel is more than 5% greater than the price stated in that contract. The remainder of the purchase price is due no later than 15 calendar days before the vessel leaves the manufacturer's factory. 80% of the total purchase price is typically financed by a third party lender on a

twenty year promissory note, so you are likely to have to pay additional cash ranging from approximately $18,000 to $30,000 (depending on model) to complete the vessel purchase.

If you purchase the Watercraft through SailTime Yacht Sales, LLC, that affiliate pays us a commission on the sale of the vessel, and we must pay you a rebate equal to 50% of that commission within 30 days of final delivery of the vessel. If you receive that cash rebate, your net initial cash investment for the vessel will be approximately $28,000 for a Beneteau 34.1 sailboat or $32,000 for a Beneteau Antares 9 powerboat, our most common models.

In summary, the amounts that we or our affiliates will receive as a result of your initial investment in the franchise are as shown below:

	Low Amount	**High Amount**
Initial Franchise Fee	$25,000	$35.000
Revenue from Boat Purchase	$2,500	$32,000
Total	$27,500	$67,000

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ITEM 6

OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	The greater of a minimum royalty of $8,700 annually ($725 monthly), or 7% of your Gross Revenue[1], subject to the following breakpoint discounts: 6% of your Gross Revenue on all revenue earned above $300,000 until $600,000; and 5% of your Gross Revenue on all revenue earned over $600,000.	15th of every month	Payable to us. The minimum annual royalty fee may be adjusted annually on January 1 of each year at the greater of three percent (3%) per annum or the cumulative increase of the U.S. Consumer Price Index since the last price adjustment. The minimum annual royalty provision will not apply to the first partial calendar year in which you operate a Base.
Marketing Fund	$250 per brand (Sail and/or Power), and $400 if you offer both Sail and Power	15th of every month	Payable to us. You must contribute to a System-wide marketing fund established by us in addition to amounts spent on local and regional advertising. The amount is $250 per month if you are Sailing Vessels only or Powerboats only, and $400 per month if you offer both. This amount is guaranteed only for the first year of your franchise and we may increase it in the future on thirty (30) days' notice if necessary to cover increased costs of providing the advertising and promotional services described in Item 11 of this document.

1. "Gross Revenue" means the total of all monies and receipts derived from the sale of products and services and any other commissions, finder's fees, referral fees, or other compensation received in connection with the operation of the franchised business and any other business using the licensed marks, including (without limitation) additional revenue received beyond membership fees from use of Watercraft in the SailTime fleet, such as offering boating education or captained charters on those vessels. Gross revenue does not include any taxes added to the selling price of goods and services and paid to government authorities, the value of any coupons and refunds approved by us and commission that you may receive from a boat manufacturer (through us) in connection with the sale of boats to owner-members.

Name of Fee	Amount	Due Date	Remarks
Minimum Local Marketing Expense	$15,000	Annually	Local advertising expenditures which count towards satisfaction of this requirement are amounts paid for supplies and/or participation in boat shows, hospitality events, open houses, brochure printing costs and advertising preparation and placement. We may increase this minimum amount by 3% per year or the increase in the consumer price index, whichever is greater.
Watercraft Initiation Fee (for authorized boat dealer franchisees only)	For the first Watercraft sold and delivered into the Franchised Business in a calendar year, 5.5% of the original Manufacturer's Suggested Retail Price ("MSRP") for the Watercraft as equipped, including any optional packages ("Equipped MSRP"). For each additional delivered into the Franchised Business in any year, two and three quarter percent (2.75%) of the Equipped MSRP. For any Watercraft owned by Franchisee or its Affiliate that is dedicated for use in the Franchised Business, $2,500 initiation flat fee.	30 days from when the Watercraft is added to our scheduling system for fractional use by members	If you are a manufacturer's authorized dealer for a type of Watercraft that we authorized for use in a Base, such as Beneteau, then instead of our affiliate SailTime Yacht Sales, LLC being the dealer of record for new Watercraft and paying you part of the dealer's commission, you will act as the dealer and pay us the fees as stated. If you dedicate a vessel for use in the Base and subsequently sell it to another person who will keep it in the Base's fleet (an "Owner-Member"), then the fee is as stated in the "Amount" column, but minus the $2,500 initiation flat fee you previously paid us for the vessel.
Watercraft Initiation Fee (non-dealer franchisee)	If applicable, $2,500 for each Watercraft under 40 feet in length; $5,000 for each Watercraft 40 feet or longer. (see Remarks as to when this would be due.)	30 days from when the Watercraft is added to our scheduling system for fractional use by members	Only due and payable if we authorize you to add a Watercraft to your Base that will not be purchased through our affiliate SailTime Yacht Sales, LLC or a 3rd party licensed dealer with whom we have a commission agreement.

Name of Fee	Amount	Due Date	Remarks
Late charges for failure to report Gross Revenues	$100 fee, plus we estimate Gross Revenues as 102% of prior month's revenues	As incurred	Payable to us. If you fail to report your Gross Revenue by the 15th of the month we may estimate your Gross Revenue by using the prior month's Gross Revenue and adding 2%. You must also pay a late charge of $100 per delinquent Gross Revenue statement per month until each statement is delivered.
Late payment or insufficient funds fee	$100	As incurred	Payable to us. We may charge a $100 fee for each overdue payment and any payment that is not honored by your financial institution.
Interest on Past Due Amounts	1.5% per month or highest rate permitted by law, whichever is less	As incurred	Payable to us. All overdue payments of fees shall be charged interest at the rate of 1.5% per month or the highest rate permitted by law, whichever is less.
Audit Costs	Cost of audit plus any expenses incurred by Franchisor or its independent auditor. We estimate that these costs and expenses are approximately $10,000, but that figure is subject to adjustment over time.	Upon demand	Payable only if an audit discloses an understatement of Gross Sales of five percent (5%) or more for any measured period.
Travel Costs for Attending Base Owner Meetings	All costs of attendance.	As incurred	If you choose to attend our Base Owner meetings, which we highly recommend, you will be responsible for your travel costs, living expenses, meal expenses and employees' salaries.
Reimbursement of Gross Receipt Taxes	Varies	As incurred	Payable to us. If any government authorities impose taxes on our gross receipts from you, you will be responsible for reimbursing us.
Transfer Fee	$5,000	Prior to transfer	Payable when the Franchise Agreement or other interest in the franchise is transferred by you.

Name of Fee	Amount	Due Date	Remarks
Optional Exit Payment	Three times the highest annual total of Royalties due to us from your Franchise Business during the Term	90 days prior to expiration of the Term	If you fully comply with your Franchise Agreement during the Term, you will have the option to pay us this fee and obtain a release from the post-termination covenants not to compete and not to solicit, provided that if we purchase the assets of your business the post-termination covenant not to solicit will remain in effect. This option does not apply if the Franchise Agreement is terminated prior to expiration. You must provide 6 months' prior notice of your decision to exercise this option, and all other post-termination obligations will apply. We may audit your Franchised Business to determine whether you have been in full compliance with your Franchise Agreement and to calculate the amount of the optional exit payment.
Optional Early Termination Payment	Twice the sum total of the average annual amounts due to us during Agreements years two (2) through four (4) for the: (i) Royalty; and (ii) the Watercraft Initiation Fees or Franchisor's share of Watercraft Commissions (if applicable).	At the 5th anniversary of the Franchise Agreement	If you fully comply with your Franchise Agreement during the Term, you will have the option to pay us this fee and obtain a release from the post-termination covenants not to compete and not to solicit, provided that if we purchase the assets of your business the post-termination covenant not to solicit will remain in effect. You must provide 6 months' prior notice of your decision to exercise this option, and all other post-termination obligations will apply.

Unless otherwise provided, all fees are imposed by and are payable to us. All fees are nonrefundable. All fees are uniformly imposed for franchisees receiving this disclosure document, but franchisees who signed franchise agreements in prior years may pay fees on different terms than you.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (See Note 1)	$25,000	$35,000	Certified Check or Wire Transfer	50% due upon execution of franchise agreement; 50% due upon our approval of your Base location.	The SailTime Group LLC
Equipment – 1st Boat (See Note 2)	$28,000	$32,000	As Agreed	Within 90 days of signing the franchise agreement	Our affiliate SailTime Yacht Sales, LLC, or to manufacturer if you are a dealer.
Travel and Living Expenses During Initial Training (See Note 3)	$500	$2,500	As Agreed	As Incurred	Third Parties
Lease Costs (See Note 4)	$ 1,000	$4,000	As Agreed	As Incurred	Third Parties
Fixtures (See Note 5)	$ 1,000	$5,000	As Agreed	As Incurred	Third Parties
Signage (See Note 6)	$1,000	$5,000	As Agreed	As Incurred	Third Parties
Computer (See Note 7)	$1,500	$2,500	As Agreed	Prior to operation of business	Third Parties
Inventory (See Note 8)	$1,000	$5,000	As Agreed	As incurred	Third Parties
Utilities (See Note 9)	$500	$1,500	As Agreed	As Incurred	Third Parties

Type of Expenditure	**Amount (Low)**	**Amount (High)**	**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
Advertising (See Note 10)	$5,000	$15,000	As Agreed	As Incurred	Third Parties
Business Licenses (See Note 11)	$200	$500	As Agreed	Prior to operation of business	Third Parties
Employee Wages (See Note 12)	$0	$12,000	As Agreed	As Incurred	Employees
Employee Uniforms (See Note 13)	$250	$1,000	As Agreed	As incurred	Third parties
Insurance (See Note 14)	$2,000	$5,000	As Agreed	Prior to operation of business	Third Parties
Additional Funds (three months) (See Note 15)	$7,725	$25,950	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT (See Note 16)	$74,675	$151,950			

Explanatory Notes

Note 1: Initial Franchise Fee. The initial franchise fee depends on whether you purchase a franchise to operate only a sailing business, only a power boat business or if you choose to operate a business that provides both sailing and power boating products and services. The initial fee for operating either a sailing business or a power boating business alone is $25,000. If you choose to operate a business that offers both sailing and power boating products and services, your initial franchise fee is $35,000. $499 of this fee is paid to us with your application for approval. See Item 5 for a description of fee waivers available to our existing licensees. This fee is not refundable.

Note 2: Equipment. To start the franchise you purchase one boat and place it in the Base's fleet during the first year. The estimate for your first boat is the cost of your cash payments made for the first boat to be used in your Base, whether sailing or powerboat, net of rebates you receive and plus any applicable fee you must pay us to add the boat to the Embark scheduler software. The remainder of the cost is typically financed over a twenty year period. This is the cost for our most common model, a Beneteau 34.1 sailboat or a Beneteau Antares 9 powerboat. If you are not a licensed dealer of an approved manufacturer's Watercraft then you must purchase the Watercraft from our affiliate SailTime Yacht

Sales, LLC, and this estimate is net of your rebate (see Item 5). If you are a boat dealer, this estimate includes the $2,500 watercraft initiation fee you must pay to us. This fee is not refundable.

Note 3: Travel and Living Expenses During Initial Training. This fee is not refundable.

Note 4: Lease Costs. The low estimate is the lowest amount that you can expect to pay to lease one slip at a marina for a three-month period, while the high estimate includes 3 months' rent for some office and meeting space to conduct a sailing school as part of your Base. This fee is not refundable.

Note 5: Fixtures. This item estimates the cost of a convention booth for your boat show display. This fee is not refundable.

Note 6: Signage. This fee is not refundable.

Note 7: Computer. This fee is not refundable.

Note 8: Inventory. As a franchisee, you will need to purchase cleaning supplies, tools and spare parts for regular maintenance of the boats in your fleet, marketing brochures, etc. This fee is not refundable.

Note 9: Utilities. This fee is not refundable.

Note 10: Advertising. These estimates are for your first three (3) months of local advertising expenditures. Your minimum local advertising obligation will be $15,000 per year if your fleet includes only Sailboats or only Powerboats, or $20,000 if your fleet includes both Sailboats and Powerboats. It is anticipated (though not required) that you will spend an additional amount on grand opening advertising for your Base beyond your minimum local advertising obligation. This fee is not refundable.

Note 11: business Licenses. This fee is not refundable.

Note 12: Employee Wages and Uniforms. You are not required to hire any employees for the operation of your Base. Whether and when you hire employees will be your decisions, based upon your needs and experience in operating and managing your Base. This fee is not refundable.

Note 13: Employee Uniforms. You will need to purchase uniforms to be worn by you and all of your employees which contain the Base's applicable logo, but you can purchase those uniforms from any vendor provided that the clothing meets our standards for quality and display of the logo. This fee is not refundable.

Note 14: Insurance. As a franchisee, you will be required to obtain, maintain and provide evidence of liability and other insurance policies including Boat Insurance, Liability Insurance and Workers Compensation. See Item 8. Insurance payments estimated above represent the first three months' insurance payments. This fee is not refundable.

Note 15: Other Operating Funds. This estimates additional funds necessary for the first three months of your Business operations. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Business. This item includes a variety of expenses and working

capital items during your start-up phase such as legal and accounting fees, royalty and marketing fund fee payments to us, and other miscellaneous costs. The low estimate does not include a salary for you as an owner-operator, while the high estimate includes a salary of $12,000 for an operator who you would employ. In addition, it is not anticipated that you will hire employees during the initial stages of your Base's operations. This fee is not refundable.

Note 16: Basis for Estimates, Financing. These estimates are based on the expenses you may incur in the first three months of operation. To compile these estimates we relied upon the experiences of the members of our Executive Committee and of our franchisees who have operated SailTime businesses since 2007 and PowerTime businesses since 2019. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Unless otherwise indicated, these fees and expenses are nonrefundable. We do not offer financing for the initial investment. See Item 10.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as indicated below, you are not required to purchase or lease products or services from us, from persons who are affiliated with us, from suppliers approved by us or under our specifications, or from any companies in which one of our officers own an interest. None of our officers owns an interest in any supplier of your Business other than The SailTime Group, LLC and SailTime Yacht Sales, LLC. We do not own an interest in any other supplier of your Business.

You must establish, maintain and operate your Business in compliance with the Franchise Agreement and the standards and specifications contained in our Operating Manual. You must purchase all products, equipment, services, supplies and materials required for the operation of your Business from suppliers who meet our specifications and standards as to quality, price, service and availability. We will notify you in our Operating Manual of our standards and specifications and names of approved suppliers.

All Watercraft that are used in your Business must be of a make and manufacturer specified by us. At the present time Beneteau and Jeanneau are the sole authorized Sailing Vessel manufacturers. Presently, we do not have an exclusive authorized Powerboat Vessel manufacturer, however the vessel to be purchased must be pre-approved by us. You must purchase the first vessel to be used in your Franchised Business, and the remainder can be purchased by Owner-Members for management by your Business.

Unless you are a manufacturer's authorized dealer of one of the brands of Watercraft that we specify, or we otherwise specifically agree with you in writing, all Watercraft that will be a part of your Base's fleet must be purchased either through our licensed boat dealer affiliate, SailTime Yacht Sales, LLC ("Yacht Sales"), or through an independent authorized dealer with whom we have an agreement to receive commissions on the sale of Watercraft to Franchisee or any of its Owner-Members.

Yacht Sales transfers to us the commissions that it earns due to the placement of Watercraft in your fleet. For the first vessel of each class (Sailing or Powerboat) in each year that is purchased for your Base through Yacht Sales, you will receive from us a rebate of 50% of the commission received by us from Yacht Sales on that transaction. For each additional vessel of that class purchased in the same year through Yacht Sales, you will receive 75% of the commission received by us from Yacht Sales on that transaction. For

each Watercraft purchased for your Base through an independent dealer of the authorized manufacturers, you will receive from us a rebate of 50% of the commission that we receive from the dealer.

In the year ending December 31, 2024, we derived revenue of $452,397 as commissions due to the purchase of Watercraft for use in the Bases, which constituted 43% of our total revenue of $1,038,245. This figure includes Boat Initiation Fees paid by our franchisees who are also boat dealers and our commissions earned due to purchases made through Yacht Sales. We paid $232,943 in commissions to our franchisees. The source of this financial data is our audited financial statements. Neither we nor our affiliates received any other revenues in the past fiscal year due to franchisees' purchases of goods or services.

If you are a manufacturer's authorized dealer of one of the brands of Watercraft that we authorize for use in Bases, then you will pay us the Watercraft Initiation Fee for each vessel that you add to the Bases, as described in Item 6, page 8 above. Also, if we authorize you to place a Watercraft in your Base that is not purchased through Yacht Sales or a licensed dealer with whom we have a commission agreement, then you must pay us the Watercraft Initiation Fee for each vessel that you add to the Bases, as described in Item 6, page 8 above

You must obtain our prior approval of the design and layout of all marketing and display materials that you wish to use to promote your Base, as well as the materials used for apparel displaying our trademarks. Currently you may purchase those approved items from any supplier in your local market area. However, we may require you to purchase such items from one or more national suppliers who we may designate in the future, and if we do then we may receive rebates or commissions from the suppliers of such items.

You are required to use our proprietary computer software to which we provide you with access to operate your business, which is the Embark scheduler and base management software system described in Item 11. Your continued access to, use of and upgrades to this software are included in and conditioned on your payment of ongoing franchise fees.

While we have not yet done so, in the future we may enter into written agreements with one or more designated financing sources that you or your owner-members would be required to use and who would pay us commissions or other compensation for closing loans for vessel purchases, and if we receive such revenues we will split them equally with you.

We have preferred provider relationships with some insurers, and you must obtain insurance that meets our specifications, for the types of insurance and minimum coverage amounts as described in the Operating Manual, from a reputable insurer approved by us. You must maintain the following insurance coverage during the term of your Franchise Agreement: liability insurance of not less than $1,000,000.00; boat insurance; property insurance; and worker's compensation or similar insurance as required by law. All insurance policies must name us as an additional insured. All documentation of the insurance policies must be provided for our records.

Unless you have operated an American Sailing Association (ASA) certified sailing school in your Territory for at least twelve (12) months prior to signing the Franchise Agreement, you will need to establish an ASA-certified sailing school to train and certify your members ensuring their ability to safely handle the boat they choose to join as a member. You will also be able to train the general public through your sailing school which will become both a source of revenue for your base and a source for future members. Unless

you meet the exemption for a pre-established independent sailing school, you must use the SailTime brand in advertising your sailing school and sailing school revenue is subject to royalty fees due to us.

In the future we may, acting in our reasonable business judgment, designate one or more approved suppliers of goods or services used in Bases, such as marketing materials, branded apparel, or insurance, and if we do so that you will be require to only use approved suppliers unless you can demonstrate to us your need to use an alternative supplier and you obtain our written approval of that alternative vendor.

You will be responsible for recruitment and training of your Base's personnel and you may take advantage of SailTime's services for assistance in recruitment. You will also be responsible for coordinating and /or conducting the training and certification of members and owners on the skills necessary to operate the Base's Watercraft and the customer-facing portions of the Embark software.

We estimate that the costs of your purchases from designated or approved sources, or according to our standards and specifications, will be 75% of the cost of establishing a Base. On an ongoing basis we estimate that your purchases from designated or approved sources, or according to our standards and specifications, will be about 20% of the total ongoing costs of operating your Business.

In deciding whether or not to grant you the right to operate additional bases outside of your Territory, we will consider the amount of revenue we earn from your sale of memberships and Watercraft to owners and due to the purchase of branded items by you, your Owners and your Members. In addition, your failure to purchase (or have owner-members purchase) Watercraft from the exclusive suppliers, or your sale to members of branded items through any method other than through our online store (if established), would constitute a default under the Franchise Agreement that may result in termination or non-renewal of our franchise relationship.

There currently are no purchasing or distribution cooperatives relevant to the franchise offered.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in this Agreement and in other items of this Disclosure Document.

	Obligation	Section in Franchise Agreement	Item in Disclosure Document
(a)	Site selection and acquisition/lease	Section 2.2	Item 11
(b)	Pre-opening purchases/leases	Sections 3.6, 3.7, 4.5(j)	Item 8 and 11
(c)	Site development and other pre-opening requirements	Section 4.4(i)	Item 11
(d)	Initial and ongoing training	Section 4.6	Item 11

Obligation		Section in Franchise Agreement	Item in Disclosure Document
(e)	Opening	Section 3.2	Item 11
(f)	Fees	Article III	Items 5, 6, and 7
(g)	Compliance with standards and policies/ Operations Manual	Sections 4.5, 4.8 and 5.1	Item 8, 11 and 14
(h)	Marks and proprietary information	Sections 5.2, 5.3 and 5.4	Items 13 and 14
(i)	Restrictions on products/services offered	Section 4.5(j)	Items 8, 11 and 16
(j)	Warranty and client service requirements	Section 4.5(a)	Item 8
(k)	Territorial development and sales quotas	Section 4.8	Item 11 and 12
(l)	On-going product/service purchases	Sections 4.5(j), 4.5(m) and 4.8(a)	Item 8 and 11
(m)	Maintenance, appearance and remodeling requirements	Section 4.5	Item 11
(n)	Insurance	Section 4.5(g) and Exhibit C-10	Item 7 and 8
(o)	Advertising	Section 4.7	Item 11
(p)	Indemnification	Article XIII	None
(q)	Owner's participation/management/staffing	Sections 4.5(d) and 4.6(d)	Item 15
(r)	Records/reports	Sections 3.3 and 7.3	Item 11
(s)	Inspections/audits	Sections 4.8(c) and 7.4	Item 11
(t)	Transfer	Article VIII	Item 17
(u)	Renewal	Section 10.2	Item 17
(v)	Post-termination obligations	Section 11.5	Item 17
(w)	Non-competition covenants	Article XII	Item 17
(x)	Dispute resolution	Article XIV	Item 17
(y)	Other: Personal Guaranty	Exhibit C-5	Item 15

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below we are not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your business we will:

1. provide criteria and guidelines on choosing a location for your Base and approve a Territory, described in ITEM 12, for your Base. Your Base must be located in a marina that we approve, but we will approve any proposed location that reasonably meets our criteria. Among our criteria for deciding whether to approve a proposed location for the Base are quality of marina facilities, access to marina, proximity of open navigable waters, water depth at marina and access channels, and safety considerations. You must obtain our approval of the Base location and purchase the first Watercraft Vessel for your Base within six (6) months of the date we sign the Franchise Agreement, and if you do not we may terminate the franchise without refund to you. We do not assist in negotiating the slip lease.

2. provide to you, on loan, one copy of the our Operating Manual which includes information necessary to operate your business. (Section 5.1) The Operating Manual contains a total of 257 pages, including the cover page, table of contents and appendix, and the current Table of Contents of the Operating Manual is provided as Exhibit F of this Disclosure Document.

3. provide guidelines in our Operating Manual for purchasing or leasing equipment, signs, fixtures, inventory or supplies as well as names of our designated and preferred suppliers. (Section 5.1)

4. provide initial training program that will last five (5) days at our corporate office in Annapolis, Maryland or another location mutually agreed upon by you and us. This training is described in detail later in this ITEM 11. (Section 4.6)

Time to Open

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of a Base is ninety (90) days. Factors that may affect your beginning operations include availability of slips for lease, boat orders and seasonal weather conditions depending on the location of your Base. Within six (6) months of signing the Franchise Agreement, you must: (i) have completed the initial training program, (ii) have the Base be operational and open for business, and (iii) purchase the first Watercraft Vessel of each type for which you have purchased a license.

Obligations After Opening

After opening your Base, we will

1. furnish all information and documents regarding the trademarks, service marks, business content and computer software necessary for you to operate your business; (Section 4.3(a))

2. provide reasonable assistance necessary with marketing efforts and any other activities which may assist in the success of the Franchised Business; (Section 4.3(b))

3. provide a recommended pricing template that may be adapted to your local market;

4. communicate improvements and advancements in the franchised business through electronic and print media;

5. maintain and display in a professional manner our website, www.sailtime.com (the "Website") with an Uptime of at least ninety-six and one half percent (96.5%), (Section 4.3(c))

6. establish and maintain one or more councils or committees of franchisees with which we will consult on various issues relating to operations of the Base. (Section 4.3(e))

7. make available our cloud-based Embark scheduling and base management software system with performance Uptime of at least ninety-six and one half percent (96.5%) as described in Exhibit C-2 of the Franchise Agreement; and (Section 4.3(c))

8. comply with the provisions of the Bug Remedy Plan and Service Level Agreement as described in Exhibit C-4 of the Franchise Agreement.

We are not obligated to assist the franchisee in establishing prices, such as setting minimum and/or maximum prices at which the franchisee must sell products and services. However, you will be obligated to consult with us on the appropriate pricing for membership packages and rates to be offered to Members of the Franchised Business, and once we and you have agreed on the pricing to be offered, you must not offer membership to any person for a price below the agreed-upon rates absent our prior written consent, which Franchisor promises not to unreasonably withhold, condition or delay. (Section 4.5(k))

Advertising

1. We have no obligation to conduct advertising, except as explained below, and while we conduct advertising programs we have no obligation to spend any amount on advertising specific to the area or territory where you are located.

2. Advertising Fund.

WE operate a shared marketing fund that allows us to purchase the maximum value for the dollar in national advertising and marketing campaigns. Each franchise must contribute to this Marketing Fund as long as it is in operation. It is an essential part of our business and our community buying power depends on the shared responsibility for purchasing high profile, high quality marketing and promotion.

We collect from each franchisee a monthly contribution of two hundred fifty dollars ($250.00) if you are Sailing Vessels only or Powerboats only, and four hundred dollars ($400) per month if you offer both, and we may increase or decrease this monthly amount as necessary to continue to provide the appropriate level of marketing services. (Section 4.7(a)) All Bases operated by us, our principals or our affiliates, contribute to the Marketing Fund on the same basis as other franchisee operated Bases. SailTime currently has an internal marketing specialist who creates our marketing campaigns and produces advertisements to be used for national media coverage. Our marketing department also maintains our online SailTime marketing suite with a wide array of customizable marketing materials that can be used by individual bases for local marketing.

We will administer the Marketing Fund in coordination with the appointed Marketing Committee or Base Advisory Committee.

We will prepare an accounting of our expenditures of the Marketing Fund separately from our other funds, which will not be audited separately from our annual financial statement audit (in which are total annual Marketing Fund receipts and marketing or advertising expenditures are disclosed and verified by the auditor). The financial statements of the fund will be available for review by all franchisees by making a written request by electronic mail sent to both our Chief Executive Officer (currently Todd Hess, thess@sailtime.com) and our Chief Financial Officer (currently Wayne Diviney, wdiviney@sailtime.com). Funds received from the Marketing Fund will not be used to defray our general operating expenses, except for such reasonable administrative costs, salaries and overhead as we incur in activities related to the administration of the Marketing Fund and its marketing programs, such as conducting market research, incurring related accounting and legal expenses, preparing material and collecting and accounting for Marketing Fund Contributions. (Section 4.7(a)(ii)).

In the fiscal year concluded December 31, 2024, we received Marketing Fund contributions totaling $55,250, and we spent a total of $180,521 on marketing, including all Marketing Fund contributions received during the period, on marketing the services offered by SailTime® franchisees. During our last fiscal year, we used these funds as follows: (Print) Advertising $28,710 (15.9%), Boat Show Displays $16,045 (8.9%), Internet Marketing $119,958 (66.4%), Marketing Consulting $12,261 (6.8%), and Brochures, Collateral $3,546 (2.0%).

In the future, we may expend Marketing Fund contributions by our franchisees in their entirety for programs during the fiscal year within which franchisees make such contributions. If excess amounts remain in any Marketing Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the Marketing Fund, and next out of current contributions. We do not intend to use the Marketing Fund for advertising that is primarily a solicitation for the sale of franchises.

3. Advertising Council

We have a Base Advisory Council whose current members were elected by our licensees and who, among other things, advise us as to the uses of the marketing fund contributions currently made (on a voluntary basis) by our licensees. We plan to continue this process and to seek input from franchisees as to uses of the Marketing Fund proceeds, but all final determinations on the use of Marketing Fund proceeds will be made by us. (Section 4.7(a)(i))

4. Franchisee's Local Advertising Requirements

We require you to spend a minimum of Fifteen Thousand Dollars ($15,000) per calendar year on advertising within your Territory to create public awareness of your SailTime Business. We may increase this minimum amount annually by three percent (3%) or the increase in the U.S. Consumer Price Index during the prior calendar year, whichever is greater. Local advertising expenditures include amounts paid to participate in boat shows, hospitality events, open houses, brochure printing costs and advertising creation and placement and the purchase of approved items bearing the Licensed Marks for give away or sale to your customers or prospects. (Section 4.7(b)) You may not use your own advertising material, written or electronic, unless we approve it. (Section 4.7(c))

5. Advertising Cooperatives

We have not established an advertising cooperative as of the date of this document and we may not require you to participate in such a cooperative with other franchisees. However, if you choose to do so and we approve a cooperative advertising program planned by you and other franchisees, your contributions to such cooperative efforts will count towards satisfaction of your Local Advertising Requirement.

Computer System

To operate your Business we require that you have a personal computer equipped with Quickbooks Accounting System or Quickbooks Online and Internet access. You also must have a printer with sufficient capacity to periodically print customer contracts of 10 – 20 pages in length and other monthly financial reports. Unless you already own such devices and can use them in the business, the estimated cost to purchase the computer system ranges from $1,500 to $2,500. Except as described in the next sentence, we will not have independent access to the information generated and stored on your computer.

Included in your Franchise is the right to use and access our proprietary Embark software, to support your Base operations. These software products are accessed through a password-protected portion of our website. You must use that software to store the contact information for all of the members and prospective members of your Base, and we will have independent access to all information generated and stored using our proprietary software. Your ongoing Base fees (i.e. Royalties and Watercraft Initiation Fees) cover the ongoing access, use, maintenance, repairs, upgrades and updates to this software. There currently are no other optional or required maintenance, update, upgrade or support contracts relating to the required computer system.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The Job Training	Location
Sales/Marketing	8 hours/ 1day	As needed	Annapolis, Maryland or a location you and we agree on
Computer	4 hours/ ½ day	As needed	Annapolis, Maryland or a location you and we agree on
Fleet/Base Maintenance	4 hours/ ½ day	As needed	Annapolis, Maryland or a location you and we agree on
Administration	4 hours/ ½ day	As needed	Annapolis, Maryland or a location you and we agree on
Other/Review	4 hours/ ½ day	As needed	Annapolis, Maryland or agreed location

The initial training program will be held for four (4) days at our corporate office in Annapolis, Maryland, or another location acceptable to both us and you, If your Territory will be more than 500 miles from Annapolis, we may choose to hold the training in person at a cooperating franchisee's facility, or remotely through video conferencing. Our Operating Manual is the primary instructional material. Todd Hess, Wayne Diviney, Ryan Remsing and Kristen Diviney McGarr will provide training instruction, however additional and/or substitute trainers with comparable experience in SailTime operations may be provided. Todd Hess owned and operated the SailTime Base in the greater Baltimore area from 2005 through 2016 alongside a successful charter and Watercraft training business, and since selling that Base he has overseen operation of our affiliate's SailTime and PowerTime outlets in Annapolis, Maryland. Wayne Diviney was a SailTime Base owner in the Virginia Beach area from 2005 to 2020 and, prior to that was the chief financial officer of a substantial non-profit organization in Washington, D.C., so he trains franchisees on administration and financial management of the Base.

Ryan Remsing has owned the SailTime Base in Chicago since 2008 and the PowerTime Base in Chicago since 2019, during which time his Base has been a "test" location for many new products, including several different membership types and powerboat instruction/membership. Ryan has managed that Base in recent years, has developed marketing and operational tools for our Bases and has been a mentor to new and existing franchises, particularly with regard to developing and managing relationships with a Base's members. Kristen Diviney McGarr has managed the SailTime Base for the Norfolk and Virginia Beach area from 2005 until 2020 and, since 2010 has trained new franchisees on management of the technological aspects of operating a SailTime franchise and on the sales process, particularly with regard to potential owner-members who sign boat management agreements with the Base. Kristen provides support and advice to the franchisees with their Sales and IT needs on an on-going basis.

The tuition expenses for the initial training program are included in the initial franchise fee. However, you will be responsible for travel costs, living expenses and any of your employees' salaries incurred in connection with attendance of initial training.

The person who you identify as your Designated Manager must complete the initial training program to our satisfaction before we will approve him/her as your Designated Manager. Your "Designated Manager" means you if you are an individual, or if you are a business entity, an individual appointed by the franchisee, who (a) is approved by us, (b) satisfactorily completes training, and thereafter (c) uses his or her best efforts to manage the franchised business on a day to day basis. If we, in our sole discretion determine that the Designated Manager has not successfully completed our initial training program, we will make this known so that a revised plan may be created to accomplish the necessary goals. If you are not willing to complete the changed training plan then we may terminate your Franchise Agreement.

If after you begin operation, you name a new Designated Manager, he/she must complete the initial training program to our satisfaction within sixty (60) days after being hired. You must pay the daily training rates as specified in our Operating Manual for the initial training of any new Designated Manager. You will also be responsible for all travel costs, living expenses and employees' salaries incurred in connection with Designated Manager's attendance of this initial training.

We have held meetings of all Base Owners in recent years and intend to do so in the future, and although attendance at that meeting is not required it is highly recommended as the interaction with other Base Owners and the information we provide at the meeting should help you improve your business. If you choose to attend, you will be responsible for your travel costs, living expenses, and employees' salaries.

Also, at your request, we may, in our reasonable business judgment, provide to you, your Designated Manager and any other individual you choose any additional training as may be necessary in operations, sales development, or other matters relevant to the Franchised Business within reasonable and mutually agreed time periods. You must pay our reasonable costs and expenses incurred in providing additional training, including, but not limited to, our travel and accommodation expenses in providing training at your location.

Manual.

You must operate your SailTime business in strict compliance with our Operations Manual throughout the term of your Franchise Agreement. The Operations Manual consists of approximately 256 pages, plus various appendices. See Exhibit F at the end of this document for the Table of Contents of the Operations Manual and the number of pages devoted to each subject.

ITEM 12

TERRITORY

In the franchise agreement we will grant you a geographic area (the "Territory") in which you must operate your Base. Your Territory will be listed in Exhibit C-7 of the Franchise Agreement. You will have exclusive rights to operate a Watercraft shared usage business in your Territory for the brand of franchise you purchase, meaning that we will not establish or operate, or license others to establish or operate, other SailTime and/or PowerTime Bases, as the case may be, or competing businesses within your Territory, provided that you are in compliance with the Franchise Agreement during its term. However, if you only purchase rights to use one of our trademarks (Sail or Power) and not the other, then

we may sell the franchise for the other trademarks to a third party. In addition, if you operate a pre-existing Charter and/or Sailing School business under a different name, then after providing you with notice and an opportunity to convert your pre-existing business to part of the franchise we may operate (or license someone else to operate) a Charter and/or Sailing School business in the Territory under the trademark we license to you.

You will not receive an exclusive territory. You may face competition from other franchisees, from locations that we own, from other channels of distribution or competitive brands that we control.

If your Base has not already been determined when you sign the Franchise Agreement, you and we will agree upon a location for your Base. You may relocate your Base to a different marina location within your Territory, provided that we approve the new location using the same criteria as described in Item 11 above. Any relocation outside of your Territory will require renegotiation of your Franchise Agreement and Territory boundaries.

Your Territory generally will consist of a geographic area determined by population and access to waterfront and marinas. For franchises in one of the 200 largest Metropolitan Statistical Areas in the U.S. as defined by the U.S. Census Bureau, your territory will be an area containing at least 10 miles of navigable coast line and at least 200,000 individual residents. If your franchise is located elsewhere, your territory will be the entire Metropolitan Statistical Area as defined by the U.S. Census Bureau.

The franchise agreement contains two different minimum performance requirements in its Section 4.8. You must maintain member occupancy of at least 62.5% throughout your fleet, which is an average of five members per boat in your fleet (the "Minimum Membership Requirement"). Also, you must add a minimum of one Watercraft to Franchisee's fleet in each year of this Agreement until the fleet reaches four (4) Watercraft, with performance measured on a three year rolling basis, and as long as you maintain at least four (4) conforming Watercraft in your fleet then you must add one (1) additional vessel every two (2) years including replacements for recently lost vessels (the "Minimum Vessel Requirement"). If either the Minimum Membership Requirement or the Minimum Vessel Requirement is not met, we will have the right to audit your local advertising expenditures. If you fail to meet these minimum performance requirements and your Local Advertising expenditures were less than the amount required under Section 4.7(b) of the Franchise Agreement, then we may hold you in default and, if you do not cure the default during the succeeding months (for example, by substantially increasing Local Advertising) then we may terminate the franchise.

If you initially purchase only the Sailing Vessel or Powerboat Vessel franchise rights, then during the one (1) year thereafter, and provided that you are not in default under your franchise agreement, you will have an exclusive right to purchase the franchise for the other type of Watercraft by paying us an additional $10,000 franchise fee. If you do not exercise this option by the 1st anniversary of the franchise, then you may still purchase the franchise for the other type of Watercraft by paying us an additional $10,000 franchise fee, which we may accept or reject for any reason or no reason, but your right will not be exclusive and we may grant the franchise rights for the other type of Watercraft to anyone else or operate directly within the Territory with regard to the other type of Watercraft.

If you are a franchisee who entered into a franchise agreement before the effective date of this disclosure document for only one type of Watercraft, you may purchase a franchise for the other type of

Watercraft under the same terms in the preceding paragraph by executing the a Franchise Agreement Addenda for Alternative Watercraft License, attached as Exhibit K to this disclosure document.

We also may grant a franchise for sailboats or powerboats for any location outside of your Territory, regardless of its proximity to the marina where your vessels are based.

Your franchise includes the right to offer Charter and Sailing School services under the applicable trademark, unless you have operated a Charter and/or Sailing School business under a different trade name for at least 1 year before becoming a franchisee and opt to continue to operate the Charter and/or Sailing School business that name. If you operate an independent Charter or Sailing School, at any time during the term we may send you a notice of our intent to offer Charter and/or Sailing School services under the applicable trademark in the Territory, either directly or through a third party licensee, and provided that you are not in default under your franchise agreement you will have 60 days from receipt of our notice to decide whether to bring your Charter and/or Sailing School into the franchise by signing an addendum to the franchise agreement. If you decline to do so we may move forward with offering the applicable service with the Territory in competition with your pre-existing, separately named business, and you will not have the right to use the trademark name in association with Charter and/or Sailing School services.

While we do not presently do so, we may sell products and services other than Watercraft Shared Usage under the Marks or other marks through alternate channels of distribution, such as the Internet, catalogue sales and direct marketing. We do not have to pay you any compensation for soliciting or accepting such orders inside your Territory.

You are restricted from soliciting or advertising for customers outside of your Territory unless you obtain our prior written consent to do so and you may not conduct direct marketing to potential customers outside the territory unless you obtain our prior written consent to do so. We will consider the impact on other Bases and on the applicable brand in deciding whether to allow you to advertise outside your Territory.

You may sell shared use memberships to and enter into boat management agreements with people regardless of where they live, but each Watercraft that you manage as part of the franchise must be based at a marina within your Territory and you may not advertise that you provide shared usage memberships or boat management services outside of the Territory. For example, if your franchise's Territory for Baltimore City and County, Maryland, some of your members could reside in Annapolis, Maryland if they wanted to drive to a marina in Baltimore to use the boat that you manage there – even though our affiliate has a well-established Base in Annapolis.

We also retain the right to establish or operate, and license others to establish or operate, other businesses under other proprietary marks at locations inside and outside your Territory not in direct competition with you, although we do not have any current plans to do so.

The Franchise Agreement grants you no other options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories.

ITEM 13

TRADEMARKS

Our principal trademarks are registered with the United States Patent and Trademark Office ("USPTO") on the Principal Register as follows:

Mark	Registration No.	Date of Registration
SAILTIME	4117476	March 27, 2012
	3722114	December 8, 2009
	3846144	September 7, 2010
POWERTIME	5898439	October 29, 2019

All necessary affidavits have been filed with the USPTO with respect to these registrations, and all renewals have been completed when required to maintain registration. There are no presently effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or material litigation involving the Marks.

We do not know of any infringing uses that could materially affect your use of the Marks.

You must use the licensed Marks only in connection with the operation of your Base. You may not use any other trade name or Marks in connection with the Franchised Business without our express written consent. You may not use the licensed Marks as generic terms or as proper nouns, nor directly assist any other person in doing so.

No agreements limit our right to use or license the use of the Marks.

You must notify us immediately in writing if you learn of any unauthorized use of the Marks and/or an infringement of or challenge to your use of our Marks. In any action or proceeding arising from or in connection with any claim, demand, or suit, we may select legal counsel, and have the right to control the proceedings. We may indemnify and hold you harmless for liabilities arising from or in any way connected to a third party's claim that your operation of the Franchised Business under the Franchise Agreement infringes the intellectual property of the third-party claimant. You must fully cooperate with us in any action.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents or copyrights which are material to the franchise. We consider our Operating Manual, software, scheduling algorithms, Base operation financial model and related materials as our proprietary and confidential property. They may be used by you only as described in the Franchise Agreement. We require that you maintain the confidentiality of our proprietary information and adopt reasonable procedures to prevent unauthorized disclosure of our trade secrets and proprietary information. Although we have not obtained a copyright registration, we claim a copyright in our Operating Manual, our Embark software and our the Embark software manual.

You must notify us immediately in writing if you learn of any unauthorized use of the proprietary information and/or an infringement of or challenge to your use of our proprietary information. In any action or proceeding arising from or in connection with any claim, demand, or suit, we may select legal counsel, and have the right to control the proceedings. We may indemnify and hold you harmless for liabilities arising from or in any way connected to a third party's claim that your operation of the Franchised Business under the Franchise Agreement infringes the intellectual property of the third-party claimant. You must fully cooperate with us in any action.

Other than the above, no patents or copyrights are material to the franchise.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We recommend, but do not require, on-premises supervision of the Base by an owner of equity in the Franchisee. However, you may employ a non-owner as the day to day manager if we approve of his or her qualifications and he or she successfully completes our initial training program. This person is referred to as the Designated Manager. If you hire a new Designated Manager after you begin operations, we will have to approve that person’s qualification, he or she must complete our training program, and you will have to pay us our then-current fees for training of a replacement manager; see Item 6 of this document.

If you are a corporation, limited liability company or partnership, your managing partner or principal shareholder and each of your officers, directors, shareholders or members (and, if you are an individual, adult immediate family members) must sign our standard Nondisclosure and Non-competition Agreement, a copy of which is attached to the Franchise Agreement as Exhibit C-6. Your Designated Manager must also sign our standard Nondisclosure and Non-competition Agreement. If you are a corporation, limited liability company or partnership, all owners of a twenty-five percent (25%) or greater interest in you must sign our standard Guaranty and Assumption of Obligations, a copy of which is attached to the Franchise Agreement as Exhibit C-5.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

In operating your Base you will only be allowed to offer memberships in vessels manufactured by our designated suppliers of sailboats and powerboats, and you will not be permitted to sell membership interests or solicit owner-members to buy any other types of vessels. You also only will be permitted to offer or sell related event products (for example, Captained and Bareboat Charter, Corporate events, or Sunset cruises) in the vessels offered by our designated suppliers, unless we give you written permission to do so through other types of vessels. You may not operate any type of business other than fractional boating, charter, and boating education under the licensed trademark, or offer any other classes of products or services under the brand, unless we give you written permission to do so. If you have purchased the franchise rights only for Sailing Vessels or for Powerboats, and not both, then you may not offer fractional boating, charter, or boating education within the Territory for the other type of Watercraft.

We do not require that you sell only those goods and services approved by us, however you may not sell any competitor's products. We may change the authorized goods and service offered at Bases with advanced notice to you. The only limit on our rights to restrict you from selling a "competitor's products" in the future is as follows:

You may not maintain any Watercraft within your fleet that is more than six (6) years old and will incur additional costs in ensuring your fleet meets this replacement requirement throughout the term of your Franchise Agreement.

If you (or an affiliated company, if you are a business entity) have operated a Charter or Sailing School company for at least one (1) year prior to signing the Franchise Agreement, we will not restrict you from continuing to operate such a school or charter company under a separate brand name. However, with regard to each of those types of services, if you do not meet the criteria of an "experienced operator" then you will have to offer that service under the licensed trademark, follow our systems, and pay a royalty on revenues earned from providing those services. Moreover, we may begin offering Charter and/or Sailing School services in the Territory separate from you, provided that we give you 60 days' advance notice and the chance to convert your pre-existing Charter and/or Sailing School to the licensed trademark.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Term	Section 10.1	Ten (10) years
b. Renewal or extension of the term	Section 10.2	The franchise agreement will automatically renew for an additional ten (10) year term unless, at least 6 months prior to expiration, You notify us that you are not renewing or we notify you that you must sign our new franchise agreement to continue the franchise.
c. Requirements for you to renew or extend	Section 10.2	If we notify you that you must sign our current franchise agreement to continue the franchise, then You will be required to sign a new franchise agreement that may have materially different terms and conditions than your original contract.
d. Termination by you	Sections 10.4, 11.1 and 11.2	You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and we fail to begin to cure our breach within 90 days of receiving your written notice. You also will have the option to terminate the Franchise Agreement upon its 5th anniversary if you are in compliance with it, provide us with at least six (6) months' notice, pay the exit fee, and issue a general release of all claims against us.
e. Termination by us without cause	Not applicable	Not applicable
f. Termination by us with cause	Sections 11.1 and 11.3	We may terminate if you default and fail to cure within ninety (90) days of notice, except you only have thirty (30) days to cure payment defaults and there are certain non-curable defaults for which we can terminate the Agreement by providing notice.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined-defaults which can be cured	Sections 11.1 and 11.3	You can avoid termination of the Franchise Agreement if you cure a failure to make payments due to us, to make promised payments to Owner-Members, or to maintain appropriate insurance within 30 days of receiving our notice of termination.
h. "Cause" defined-defaults which cannot be cured	Section 11.3(a)(ii), 11.3(b)	We may terminate this Agreement on 30 days' written notice, but without a cure right, if you breach any warranty regarding your use of Licensed Marks, Licensed Products, Business Content, or System or any warranty regarding damage to our reputation or brand image. If you commit two (2) or more operational defaults within any twelve (12) month period, or you become insolvent or file for bankruptcy, we may terminate without further notice (subject to applicable law).
i. Your obligations on termination/ non-renewal	Sections 10.3 and 11.4	If your Agreement is terminated or not renewed you must: immediately cease the use and display of the Licensed Marks, Licensed Products, Business Content and System; give us a final accounting for the Franchised Business; pay us within thirty (30) days after termination all payments due to us; return to us the Manual and any other property belonging to us; maintain all records required by us under the Agreement for a period of not less than three (3) years after final payment of any amounts you owes to us on the date of termination of this Agreement; sign any documents we deem necessary and cancel or assign to us all listings, telephone numbers and other references. If you elect not to renew the Agreement you must comply with our option to purchase the assets of your Franchised Business.
j. Assignment of contract by us	Section 8.8	We may assign this Agreement or any rights or obligations created by it at any time and for any reason.

Provision	Section in Franchise Agreement	Summary
k. "Transfer" by you – definition	Sections 8.1 and 8.5	Includes transfer of franchise agreement, the assets of the franchised business operated under it, and a substantial portion of the equity in the Franchisee entity.
l. Our approval of transfer by you	Sections 8.1 and 8.3	You may not transfer without our prior written consent, which will not be unreasonably withheld.
m. Conditions for our approval of transfer	Section 8.2 through 8.6	We will consent to a transfer if: we have not exercised our right of first refusal; the proposed transferee meets our character, business and financial standards; all obligations owed to us are paid; you have cured any and all defaults; transferee signs the then current form of franchise agreement; transferee completes the initial training program to our satisfaction; you sign a general release that meets our satisfaction; you or the transferee pay us the transfer fee of $5,000; and, if you will finance the purchase, you guarantee the transferee's obligations until your loan is repaid and you agree to subordinate any security interests to our rights to receive payments from the transferee.
n. Our right of first refusal to acquire your business	Section 8.3	We can match any offer.
o. Our option to purchase your business	Section 11.5(c)(iv)	We have 30 days upon your termination to exercise our option to purchase your assets and assume your lease.
p. Your death or disability	Sections 8.6 and 8.7	Your heirs or beneficiaries have 180 days to meet our satisfaction, if we fail to approve or disapprove the transfer within 180 days the heirs or beneficiaries may have 90 additional days from the date of disapproval of the transfer or the end of the first 180 day period, whichever is first, within which to find and notify us of a proposed transfer to a qualified buyer.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 12.1	No involvement in Competitive Business. "Competitive Business" means a business which offers time shares in Watercraft (i.e., contracts by which customers can share use of a Watercraft with other customers), Charter, a Sailing School, a boating club, or any other products or services customarily offered under the applicable trademark (SailTime or Powertime), and deriving more than ten percent (10%) of its gross sales from the sale of such services or products, or a business that grants franchises or licenses authorizing others to operate a Watercraft Shared Usage Business. However, the following are not Competitive Businesses as defined herein only if Franchisee has operated this type of business for at least twelve (12) consecutive months prior to the effective date of the Franchise Agreement: (a) a formally certified boating school; and (b) a Charter company.
r. Non-competition covenants after the franchise is terminated or expires	Section 12.2	No Competitive Business for 2 years within 50 miles of your Base or the office of any other franchised or company-owned Base operating under the trademark previously licensed to you. You may obtain relief from the non-competition covenant by terminating at the 5th or 10th anniversary of the Franchise Agreement by paying exit fees described in Item 6.
s. Modification of the agreement	Section 14.3	No modifications generally except by a subsequently dated written amendment to this Agreement, signed on behalf of both parties by their duly authorized representatives.
t. Integration/merger clause	Section 15.3	Only the terms of Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 14.1	Depending on type of claim, arbitration is mandatory.
v. Choice of forum	Sections 14.1 and 14.5	Our principal place of business, currently Maryland (subject to state law).
w. Choice of law	Section 14.2	Maryland law applies (subject to state law).

ITEM 18

PUBLIC FIGURES

There is no compensation or other benefit given or promised to any public figure arising from either the use of the public figure in the name or symbol of the franchise or the endorsement or recommendation of the franchise by the public figure in advertisements. There are no public figures involved in our management.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make this representation either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Todd R. Hess, CEO, 105 Eastern Avenue, Suite 102, Annapolis, Maryland 21403, (855) 855-SAIL, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	24	24	0
	2023	24	21	-3
	2024	21	22	+1
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	25	25	0
	2023	25	22	-3
	2024	22	23	+1

Table No. 2
Transfers of Outlets From Franchisees to New Owners
(other than the Franchisor)
For years 2022 to 2024

State	Year	Number of transfers
Total	2022	0
	2023	0
	2024 *	0

* San Francisco, CA base transferred during January of 2025.

Table No. 3

Status of Franchised Outlets

For years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
AL	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
CA	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
FL	2022	4	0	1	0	0	0	3
	2023	3	0	1	0	0	0	2
	2024	2	0	0	0	0	0	2
HI	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
IL	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
LA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MI	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NJ	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
NY	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
OR	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
PA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
RI	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
SC *	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TX	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
VA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
WI	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
WA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
CAN	2022	0	1	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
Totals	2022	24	1	1	0	0	0	24
	2023	24	1	4	0	0	0	21
	2024	21	0	0	0	0	0	21

* The Charleston, SC location operates solely as PowerTime. 11 of the other franchised locations offer powerboats under the PowerTime brand, in addition to sailboats under the SailTime brand.

Table No. 4

Status of Company-Owned Outlets

For years 2022 to 2024

	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at the End of the Year
MD	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Totals	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

* Our company-owned location, in Annapolis, Maryland, offers powerboats under the PowerTime brand, in addition to sailboats under the SailTime brand.

Table No. 5

Projected Openings as of December 31, 2023

SailTime

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
OH	0	1	0
Total	0	1	0

PowerTime

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
SC	0	1	0
Total	0	1	0

Exhibit H to this Disclosure Document lists all current franchisees and the addresses and telephone numbers of their outlets as of the end of our last fiscal year. Exhibit H to this Disclosure Document also lists the name, city, state and current business telephone number of every former franchisee who left the system during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, none of our current or former franchisees signed provisions restricting their ability to speak openly about their experience with us.

There is no trademark-specific franchisee organization associated with the franchise system.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit G are our audited financial statements for the years ending December 31, 2024, December 31, 2023, and December 31, 2022. Our fiscal year end is December 31.

ITEM 22

CONTRACTS

Attached to this Disclosure Document are the following contracts:

Exhibit C	Franchise Agreement (State-specific Addenda included as Exhibit C-10)
Exhibit D	New Yacht Purchase Agreement (with SailTime Yacht Sales, LLC)
Exhibit E	Non-Disclosure Agreement (for prospective franchisees)
Exhibit K	Franchise Agreement Addenda for Alternative Watercraft License

ITEM 23

RECEIPTS

Two copies of an acknowledgment of your receipt are attached as the last page of this Disclosure Document. Please sign and return to The SailTime Group, LLC (franchisor) a copy to us upon receipt of this Disclosure Document.

EXHIBIT A TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS

The following is a list of state administrators responsible for registration and review of franchises. We may register in one or more of these states.

California
Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(866) 275-2677

Connecticut
Connecticut Banking Commissioner
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103

Hawaii
Business Registration Division
Commissioner of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan
Department of the Attorney General
Consumer Protection Division, Franchise Unit
525 Ottawa Street
G. Mennen Williams Building, 6th Floor
Lansing, Michigan 48909

Minnesota
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

New York
NYS Department of Law
Investment Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
212-416-8222

North Dakota
North Dakota Securities Department
State Capitol – 5th Floor
600 East Boulevard
Bismarck, North Dakota 58505

Oregon
Secretary of State, Corporation Division
255 Capitol Street Northeast
Salem, Oregon 97310

Rhode Island
Division of Securities, Suite 232
233 Richmond Street
Providence, Rhode Island 02903

South Dakota
Department of Revenue and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor, 1300 East Main Street
Richmond, Virginia 23219

Washington
Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Tumwater, WA 98501
(360) 902-8760

Wisconsin
Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703

EXHIBIT B TO THE DISCLOSURE DOCUMENT
LIST OF STATE AGENTS FOR SERVICE OF PROCESS

Our agent for service of process is ResAgent, Inc., Suite 1900, 7 Saint Paul Street, Baltimore, MD 21202. We may decide to register this disclosure document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

California

California Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, Connecticut 06103

Hawaii
Commissioner of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204

Maryland
Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Michigan
Michigan Department of Commerce
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

Minnesota
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

New York
Secretary of State
99 Washington Avenue
Albany, New York 12231

North Dakota
North Dakota Securities Department
State Capitol – 5th Floor
600 East Boulevard
Bismarck, North Dakota 58505

Oregon
Secretary of State
Corporation Division
255 Capitol Street Northeast
Suite 157
Salem, Oregon 97310

Rhode Island
Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903

South Dakota
Department of Revenue and Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501

Virginia
Clerk, State Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, Virginia 23219

Washington
Director, Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Tumwater, WA 98501

Wisconsin
Commissioner of Securities
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703

THE SAILTIME GROUP, LLC.

FRANCHISE AGREEMENT

EXHIBIT C TO THE DISCLOSURE DOCUMENT

THE SAILTIME GROUP, LLC

FRANCHISE AGREEMENT

Franchisee: _____

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This Franchise Agreement (the "**Agreement**") is made and entered into as of the _____ day of _____, 20___ (the "**Effective Date**"), by and between _____, a/an [individual] [partnership] [limited liability company] [corporation] with its principal place of business at _____ _____ ("**Franchisee**"), and The SailTime Group LLC, a Maryland limited liability company with its principal address at 105 Eastern Avenue, Suite 102, Annapolis, Maryland 21403 ("**Franchisor**").

Recitals

WHEREAS, Franchisor has developed and acquired a body of technical and proprietary information relating to its Sailing Shared Usage Business and its Powerboat Shared Usage Business, as those terms are defined below, and in the training of novice sailors and powerboat users; and

WHEREAS, Franchisor owns certain trademarks, including the word "SailTime", which Franchisor has designated for use by its franchisees (the "**Marks**"), Licensed Products (as set forth in Exhibit "2"), Business Content (as set forth in Exhibit "3"), System (as defined below), and other intellectual property rights relating to its Sailing Shared Usage Business and/or its Powerboat Shared Usage Business; and

WHEREAS, Franchisee desires to introduce, market, promote, and operate a Sailing Shared Usage Business and/or a Powerboat Shared Usage Business in the Territory (as defined below) (the "**Franchised Business**"); and

WHEREAS, Franchisee desires to license from Franchisor certain of its Marks as specified herein (the "**Licensed Marks**"), as well as the Licensed Products, Business Content, System and other intellectual property rights and related information related to the operation of a Sailing Shared Usage Business and/or a Powerboat Shared Usage Business;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee agree as follows:

ARTICLE I

DEFINITIONS

1.1. "**Affiliates**" shall mean, for purposes of this Agreement, any company, partnership, or other legal entity, foreign or domestic, which controls, is controlled by, or which is controlled by an entity that controls, Franchisee or Franchisor. "Control" means the ownership, directly or indirectly, of fifty percent (50%) or more of the capital, assets, voting stock, profits, interests or similar participation rights in a company, partnership, or other legal entity. Affiliate shall include any successor to all or any substantial portion of the business or operations of Franchisee/Franchisor or such an Affiliate.

1.2 "**Base**" means the location, approved in advance by Franchisor, at which Franchisee will regularly dock each vessel that is in operation as part of its Franchised Business.

1.3 "**Charter**" means a business which charges for the use of a Sailing Vessel or Powerboat on a per use basis.

1.4 "**Competitive Business**" means a business which offers time shares in Watercraft (i.e., contracts by which customers can share use of a Watercraft with other customers), Charter, a Sailing School or boating education program, a boating club, or any other products or services customarily offered under the SailTime Marks, and deriving more than then percent (10%) of its gross sales from the sale of such services or products, or a business that grants franchises or licenses authorizing others to operate a Watercraft Shared Usage Business. However, the following are not Competitive Businesses as defined herein only if Franchisee has operated this type of business for at least twelve (12) consecutive months prior to the Effective Date: (a) a formally certified sailing school or boating education school; and (b) a Charter company.

1.5 "**Confidential Information**" shall have the meaning set forth in Article 9.

1.6 "**Designated Manager**" means Franchisee or, if Franchisee is a business entity, an individual appointed by Franchisee, who (a) is approved by Franchisor, (b) satisfactorily completes training in accordance with Section 4.6 herein, and thereafter (c) uses his or her best efforts to manage the Franchised Business on a day to day basis.

1.7 "**Disclosing Party**" shall refer to the party under this Agreement having disclosed Confidential Information to another party.

1.8 "**Franchised Business**" means Franchisee's Watercraft Shared Usage Business, as well as related events offered under the Marks, such as Captained and Bareboat Charter, Sailing School, Sunset cruises, corporate events, or boating club. If Franchisee or its Affiliate provides Charter or Sailing School services under a separate brand that pre-dates this Agreement by at least twelve (12) months, then the Franchised Business does not include Charter or Sailing School unless Franchisee signs a separate addendum to this Agreement and ceases operating Charter and/or Sailing School under the separate brand name.

1.9 "**Franchise Network**" means the interdependent network composed of Franchisor, all SailTime franchisees, Franchisor's Related Parties, and any other people or business entities that Franchisor has licensed to use the Licensed Marks, Licensed Products, Business Content, or System.

1.10 "**Improvement**" means any updates and modifications to the Licensed Marks, Licensed Products, Business Content, System, and Confidential Information (as set forth in Section 9.1) made during the Term, and any such Improvements shall for the purposes of this Agreement be deemed to be included in the definition of the Confidential Information.

1.11 "**Intellectual Property**" means any patent, invention, copyright, trademark, trade secret, registered or unregistered design, right or any other form of protection, any application

for such protection, and any rights in relation to Confidential Information, including, but not limited to, the System.

1.12 "**Licensed System**" means the type(s) of Watercraft Shared Usage Business that Franchisee is authorized to operate pursuant to this Agreement, whether Sailing Vessel, Powerboat or both.

1.13 "**Members**" shall mean Franchisee's customers who purchase Watercraft Shared Usage.

1.14 "**Owner-Member**" shall mean Franchisee's customers who take title to a Watercraft that is part of the Franchised Business's fleet of Watercraft, thereby assuming greater risks and privileges than other Members;

1.15 "**Powerboat**" means a seaworthy vessel that is mobile due to force generated by a mechanical engine powered by fossil fuels or electricity.

1.16 "**Powerboat Shared Usage Business**" means a business whereby Franchisee sells memberships to members who share use of a Powerboat with one another.

1.17 "**Receiving Party**" shall refer to the party under this Agreement having received Confidential Information from a Disclosing Party.

1.18 "**Related Parties**" means people and companies affiliated with Franchisor or Franchisee, as the context indicates, including, but not limited to, owners, general partners, limited partners, shareholders, or members, owning a Substantial Interest in: (i) Franchisor or Franchisee, or (ii) corporations, limited liability companies, or other entities that own a Substantial Interest in Franchisor or Franchisee. As used in this paragraph, the phrase "**Substantial Interest**" means "the right to twenty percent (20%) or more of the capital or earnings of a partnership or limited liability company or, alternatively, ownership of twenty percent (20%) or more of the voting stock of a corporation."

1.19 "**Sailing School**" means a business that provides instruction to persons on how to properly operate a Sailing Vessel.

1.20 "**Sailing Vessel**" means a seaworthy vessel that is mobile primarily due to force generated by wind interacting with sails, but may also have auxiliary mechanical engine power.

1.21 "**Sailing Shared Usage Business**" shall mean a business whereby Franchisee sells memberships to members who share use of a Sailing Vessel with one another.

1.22 "**System**" shall mean the business methods, technical knowledge and marketing concepts licensed by Franchisor to Franchisee under this Agreement, including the right to use Franchisor's trade secrets, proprietary software, purchasing arrangements, commercial ideas, advertising materials, marketing strategies, information on sources of supply, administrative procedures, business forms, and distinctive signs.

1.23 "**Territory**" shall mean the geographical area defined in Exhibit 7 to this Agreement.

1.24 "**Transfer**" means the transfer, assignment, sale or encumbrance of: (a) a Substantial Interest in Franchisee by a Related Party, or (b) Franchisee's ownership or control of the Franchised Business, seventy five percent (75%) or more of its assets, or its rights and obligations under this Agreement.

1.25 "**Watercraft**" shall mean a Sailing Vessel and/or Powerboat, as applicable to the Franchised Business, for which Members have contracted with Franchisee to share usage.

1.26 "**Watercraft Shared Usage Business**" shall mean a Powerboat Shared Usage Business and/or a Sailing Shared Usage Business, as applicable based upon the Licensed Marks.

ARTICLE II

AWARD OF FRANCHISE

2.1 Award. During the Term, Franchisor hereby awards to Franchisee a license, and Franchisee undertakes the obligation, to develop and operate the Franchised Business, and to use solely in connection therewith, the Licensed Marks that are associated with the vessel type(s) identified in Exhibit 1, the Licensed Products that are identified in Exhibit 2, the Business Content that is identified in Exhibit 3 and the System, in accordance with the terms and conditions of this Agreement and only within the Territory, as defined in Exhibit 7 to this Agreement.

2.2 Base. The Franchised Business may be located at several different marinas within the Territory, as long the marina meets Franchisor's general specifications as to quality and access as stated in the Manual; however, Franchisee must receive Franchisor's express approval of the first marina from which it will operate a Watercraft, which will be known as Franchisee's primary Base, and must not cease operations from that initial marina without Franchisor's written consent. Franchisor's approval of a marina signifies only that the marina meets Franchisor's basic requirements for quality and access, and does not constitute a representation as to the safety of or Franchisee's ability to succeed at any particular location. Franchisor's approval of any marina notwithstanding, Franchisee acknowledges that Franchisee alone is responsible for the ultimate selection of any marina or other facility to be used by the Franchised Business. Franchisee may not establish business premises at any location outside of the Territory, market to customers outside the Territory without Franchisor's written consent or engage in any other business activities using the Licensed Marks outside of the Territory.

2.3 Rights in Territory. Except as otherwise provided in this Agreement, Franchisor shall not (i) authorize any other franchisee to base a Watercraft Shared Usage Business operating under the Licensed Marks within the Territory, (ii) base any company-owned Watercraft Shared Usage Business that uses the Licensed Marks, Licensed Products, Business Content or System within the Territory, or (iii) allow any other franchisee or company-owned Watercraft Shared Usage Business using the Licensed Marks, Licensed Products, Business Content or System to relocate to a location within the Territory. However, if Franchisee's Licensed System is solely for Sailing Vessels or for Powerboats, then Franchisor is not restricted from offering or granting Licensed System rights for the other type of Watercraft to someone other than Franchisee. Moreover,

Franchisor shall have the option to reduce the geographic scope of the Territory if the Franchisee does not comply with Section 4.8 of the Agreement ("Minimum Performance Requirements"), in the manner specified in Section 11.5 of this Agreement.

2.4 Option to Purchase Other Licensed System Rights. If upon execution of this Agreement Franchisee's Licensed System is solely for Sailing Vessels or Powerboats, then until the first (1st) annual anniversary of the Effective Date and provided that Franchisee is not otherwise in default under this Agreement, Franchisee shall have the exclusive right and option to add the Licensed System for the other type of Watercraft to its franchise for the Territory, in exchange for paying an additional fee of Ten Thousand Dollars ($10,000) to Franchisor. Upon receipt of such a fee payment, Franchisor shall issue an edited version of Exhibit 1 to show that the Base is for both Sailing Vessels and Powerboats and deliver that edited version of Exhibit 1 to Franchisee. Unless Franchisee exercises this option, after the first (1st) annual anniversary of the Effective Date Franchisee shall have a non-exclusive right to add the Licenses System for the other type of Watercraft to its franchise for the Territory, in exchange for paying an additional fee of Ten Thousand Dollars ($10,000) to Franchisor with regard to the other Licensed System, which Franchisor may accept or reject in its sole discretion.

2.5 Right of First Option for Charter or Sailing School. During the Term, for so long as Franchisee is not in default under this Agreement, Franchisor may not begin offering Charter or Sailing School services under the Licensed Marks in the Territory, or offer license any third party to do, unless Franchisor first offers Franchisee an addendum to this Agreement to extend it the franchise to include Charter and/or Sailing School, as applicable. Such an addendum shall not require Franchisee to pay any initial franchise fee but will require Franchisee to convert all pre-existing businesses in that line of service to operations under the Licensed Marks and pay Royalty fees for such revenues. If Franchisee fails to execute such an addendum within sixty (60) days of its delivery by Franchisor, then Franchisor may move forward with offering the applicable service with the Territory in whatever manner Franchisor deems appropriate in its sole discretion.

2.6. Rights Reserved. Franchisor reserves all rights in the Licensed Marks, Licensed Products, Business Content and System not expressly granted in this Agreement, including the rights to: (i) offer franchises to others for any site outside of the Territory, regardless of how close the site is to the Base; (ii) sell franchises in the Territory, or provide goods and services in the Territory directly or through Related Parties, except as otherwise expressly limited by other provisions in this Agreement; and (iii) sell within the Territory products bearing the Licensed Marks and/or services designated by the Licensed Marks other than those actually offered by the Franchised Business.

ARTICLE III

FEES AND PAYMENTS

3.1 Fees Payable By Franchisee. In consideration of the grant of the rights and licenses hereunder, Franchisee agrees to pay the following fees to Franchisor:

(a) An Initial Franchise Fee as specified in Exhibit 1, the full amount of which is due on the Effective Date.

(b) Royalty: Throughout the Term, except as stated in Section 3.2 below, Franchisee shall pay to Franchisor on a monthly basis a fee equal to the greater of (i) Seven Hundred Twenty-Five Dollars ($725.00); or (iii) seven percent (7%) of Gross Revenue (as defined in subsection (g) below) during the preceding month (the "**Royalty**"), except that once Franchisee's Gross Revenue in a calendar year exceeds Three Hundred Thousand Dollars ($300,000.00) the Royalty rate on each additional dollar of revenue during that calendar year shall be six percent (6%), and once Franchisee's Gross Revenue in a calendar year exceeds Six Hundred Thousand Dollars ($600,000.00) the Royalty rate on each additional dollar of revenue during that calendar year shall be five percent (5%). However, during each calendar year of the Agreement, once Franchisee has paid Franchisor the mandatory minimum royalty amount on an annualized basis, during the remainder of that year the Royalty will be the applicable percentage of Gross Revenue without any minimum payment. The minimum monthly Royalty stated above is in U.S. Dollars and Franchisor may increase it no more frequently than annually by the greater of three percent (3%) per annum or the increase of the U.S. Consumer Price Index, Urban Workers—All Items (the "**Index**") published by the Bureau of Labor Statistics, U.S. Department of Labor, or its successors, from the latter of last minimum monthly Royalty increase or the Effective Date; provided, however, in the event the Index is no longer published, then the inflation since the last increase will be determined by any other comparable instrumentality we select tracking inflation in the United States. Royalty Incentive: There will be an incentive discount to Franchisee for fleet expansion exceeding the Minimum Performance Requirements as described in Section 4.8 (a), such that for each boat added over the Minimum Watercraft requirement a ten percent (10%) discount in the Royalty percentage will be applied to the first subsequent calendar year Royalty obligation to Franchisor.

(c) Marketing Fund Contribution: Franchisee shall contribute to a System-wide marketing and advertising fund established by Franchisor pursuant to Section 4.7 (the "**Marketing Fund**") a monthly fee of Two Hundred Fifty Dollars ($250.00) if Franchisee's Licensed System is for either Sailing Vessels or Powerboats, or Four Hundred Dollars ($400.00) if the Licensed Systems are for Sailing Vessels and Powerboats (the "**Marketing Fund Contribution**"). Franchisor may increase or decrease this monthly fee in the future as appropriate to cover the costs of providing the advertising and promotional services described in Section 4.7(a), provided that Franchisor provides Franchisee with at least thirty (30) days' written notice of any increase. The Marketing Fund Contribution shall be paid to Franchisor in the same manner as and in addition to any other amounts due Franchisor hereunder.

(d) Watercraft Initiation Fee (Dealer-owned Base): If Franchisee or its Related Party is a manufacturer's authorized dealer for a type of Watercraft authorized for use in the Franchised Business from time to time, for example Beneteau or Marlow-Hunter, then

Franchisee or its Related Party that is the dealer shall sell Watercraft into service within the Franchise Business and, within thirty (30) days of when each Watercraft is added to Franchisor's scheduling system for fractional use by Members, Franchisee shall pay Franchisor a fee as follows:

i. For the first new Watercraft sold to an Owner/Member and delivered to the Franchised Business in any calendar year, five and one half percent (5.5%) of the Manufacturer's Suggested Retail Price ("MSRP") for the Watercraft as equipped, including any optional equipment or furnishing packages (the "Equipped MSRP").

ii. For each additional new Watercraft sold to an Owner/Member and delivered to the Franchised Business in any calendar year, two and three quarter percent (2.75%) of the Equipped MSRP for the Watercraft.

iii. If a Watercraft owned by Franchisee or its Related Party is dedicated for use in the Franchised Business, Two Thousand Five Hundred Dollars ($2,500) flat fee.

iv. If a Watercraft owned by Franchisee or its Related Party that has been used in the Franchised Business is sold to an Owner-Member, for the first such category of transferred vessel in any calendar year, five and one half percent (5.5%) of the Equipped MSRP at the time that the Watercraft was shipped by the manufacturer to Franchisee, less the Two Thousand Five Hundred Dollar ($2,500) initiation fee previously paid, and for each additional such used vessel transferred in any calendar year, two and three quarter percent (2.75%) of the original Equipped MSRP, less the Two Thousand Five Hundred Dollar ($2,500) initiation fee previously paid. (For example, if a 2013 model Watercraft is sold to an Owner-Member in 2015, the fee will be based on the Equipped MSRP as of 2013.)

(e) Watercraft Initial Fee (Non-Dealer Base). If Franchisee, with Franchisor's express prior authorization, adds a Watercraft to the Franchised Business for which Franchisor will not, directly or indirectly receive a boat sales commission, then within thirty (30) days of when each Watercraft is added to Franchisor's scheduling system for use by Members, Franchisee must pay Franchisor a fee of either: (i) Two Thousand Five Hundred Dollars ($2,500) if the Watercraft is less than forty (40) feet in length, or (2) Five Thousand Dollars ($5,000) if the Watercraft is forty (40) feet or greater in length.

(f) Reimbursement for Gross Receipts Taxes: If, at any time, a state or other governmental authority shall impose a tax on the gross receipts of Franchisor pursuant to this Section 3.1 (but not a tax based on Franchisor's net income), the Royalty and Marketing Fund Contribution shall be increased so that the net amounts received by Franchisor, after payment of such tax, shall equal to the amounts owed pursuant to Section 3.1(a) – (c) herein. Franchisor shall notify Franchisee of the imposition of any such taxes and the amounts (or percentage rates) at which Franchisee will be required to reimburse Franchisor.

(g) "**Gross Revenue**" means the total of all monies and receipts derived by Franchisee from sale of products or services in connection with the Franchised Business, and from all other businesses that use the Licensed Marks and/or the SailTime name, including any sailing school or Charter that Franchisee may operate prior to signing this Agreement, whether evidenced by cash, credit, check, gift certificate, gift card, script or other property or services, including (without limitation) all proceeds received from any business interruption insurance policy. Moreover, Gross Revenue shall include all commissions, finder's fees, referral fees, or other compensation received by Franchisee arising in any way from the operations of the Franchised Business, including (without limitation) any additional revenue received from use of Watercraft in the SailTime fleet, such as offering boating education or captained charters. (For purposes of this paragraph, the term "Franchisee" includes its owners and officers as well as any business entity through which the Business is operated under the SailTime brand and/or the System.) However, in determining Gross Revenue the following amounts are not included or may be deducted: (i) sales, use, amusement, merchants' or other taxes measured on the basis of the gross revenues of the Business imposed by governmental authorities directly on sales or use and collected from customers, provided that the taxes are in fact paid by Franchisee to the appropriate governmental authorities; (ii) the value of any coupons duly issued or any bona fide discounts or customer refunds approved by Franchisor; (iii) commissions or rebates paid to Franchisee by Franchisor; and (iv) revenues received from businesses that do not trade under the Licensed Marks, provided that such businesses cannot "bundle" SailTime memberships and other products when selling their goods and services. For purposes of reporting Gross Revenue, all revenues must be recorded upon receipt and any approved refunds to customers shall be deducted from revenues when the refund is tendered.

3.2 Payment of Monthly Fees. The fees described in Sections 3.1(b) and 3.1(c) above shall be paid monthly by no later than the fifteenth (15th) day of the following month. Franchisee's obligation to pay these fees shall commence on the earlier of sixty (60) days after the Execution Date or thirty (30) days after the launch of the Franchised Business' first vessel; however, if Franchisee's Base can only operate for part of the calendar year because of weather conditions typical in the Territory, then Franchisee's obligation to pay these fees shall commence thirty (30) days after the beginning of the Base's first season as agreed upon by the parties.

3.3 Report of Gross Revenues; Estimated Sales If Franchisee Does Not Report. By no later than the fifteenth (15th) day of each month Franchisee shall submit to Franchisor a statement of Gross Revenues for the preceding month, in the form and manner specified by Franchisor. If Franchisee fails to submit the report by the due date, Franchisor may charge Franchisee a Royalty based on the prior month's Gross Revenues plus two percent (2%), as an estimate of the prior month's Gross Revenues, and Franchisee will be assessed a One Hundred Dollar ($100) late charge per delinquent statement of Gross Revenues per month, or part thereof, until each delinquent statement has been delivered.

3.4 Late Payments and Insufficient Funds. All overdue payments for Royalties, Marketing

Fund Contributions and other fees required to be paid hereunder shall bear interest from the date due at the rate of one and one half percent (1.5%) per month unless applicable law mandates a lower rate, in which case the rate shall be the maximum amount permitted under such applicable law. Interest shall accrue on all late payments regardless of whether Franchisor exercises its right to terminate this Agreement as provided for herein. In addition to its right to charge interest as provided herein, Franchisor may charge Franchisee a One Hundred Dollar ($100.00) late payment fee for all such overdue payments and a One Hundred Dollar ($100.00) insufficient funds fee for each check, automated bank draft payment, or other payment method that is not honored by Franchisee's financial institution.

3.5 Software and Program Upgrades. Payment of ongoing fees shall entitle Franchisee to all updates and subsequent releases of the Licensed Products and Business Content.

3.6 Electronic Depository Transfer Account. Franchisor may require all fees and any other amounts which Franchisee owes to Franchisor or its Related Parties to be paid by or through an electronic depository transfer account. This requirement shall be implemented if Franchisee fails to make its monthly payments when due. If such a requirement is implemented, it will be further described in the Manual. Franchisee agrees to comply with Franchisor's payment instructions and to execute such documents as Franchisor may request from time to time to provide Franchisee's unconditional and irrevocable authority and direction to its bank authorizing and directing Franchisee's bank to pay and deposit directly to the account designated by Franchisor all Royalties, Marketing Fund Contributions, tax reimbursements and other fees or contributions due hereunder. By the fifteenth (15th) day of each month, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor for the preceding month just ended. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the automated bank draft system. Once such a system is established, Franchisee shall not close the account from which automated bank drafts are being withdrawn without Franchisor's consent.

3.7 Split of Watercraft Commissions by Franchisor. Unless otherwise expressly approved by Franchisor in writing, each Watercraft that is used in the Franchised Business must be of a make and manufacturer specified by SailTime. If Franchisee or its Related Party is a manufacturer's authorized dealer of a type of Watercraft authorized for use in the Franchised Business, then Franchisee's dealership shall supply the Watercraft to the Franchised Business and Franchisee shall pay the initiation fees specified in Section 3.1(d). Otherwise, unless otherwise specifically agreed to by SailTime in writing, all Watercraft used in the Franchised Business must be purchased either through Franchisor's affiliate SailTime Yacht Sales, LLC ("Yacht Sales") or from an independent authorized dealer with whom SailTime has an agreement to receive commissions on the sale of Watercraft to Franchisee or any of its Owner-Members. Franchisee shall be solely responsible for any and all shipping, customs, import, excise and sales fees, taxes or expenses as it relates to the purchase of any Sailing Vessel or Powerboat or related equipment. With regard to purchases of Watercraft made through any such authorized independent dealer, SailTime must remit to Franchisee fifty percent (50%) of the commissions that SailTime receives from the dealer. With regard to purchases through Yacht Sales, SailTime must split such commissions that it receives as follows: (a) for the first

Sailing Vessel and Powerboat purchased through Yacht Sales during each calendar year for use in the Franchised Business, SailTime must remit fifty percent (50%) of its commission to Franchisee, and (b) for the second or greater Watercraft of a particular type (Sailing Vessel or Powerboat) purchased through Yacht Sales during each calendar year for use in the Franchised Business, SailTime must remit seventy five percent (75%) of its commission to Franchisee.

ARTICLE IV

REPRESENTATIONS, WARRANTIES, AND OBLIGATIONS

4.1 Mutual Representations. Each party to this Agreement represents and warrants to the other party that:

(a) such party has the full corporate right, power, and authority to enter into this Agreement and to perform the acts required of it hereunder;

(b) the execution of this Agreement by such party, and the performance by such party of its obligations and duties hereunder do not and will not violate any agreement to which such party is a party or by which it is otherwise bound;

(c) when executed and delivered by such party, this Agreement will constitute the legal, valid, and binding obligation of such party, enforceable against such party in accordance with its terms; and

(d) such party acknowledges that the other party makes no representations, warranties, or agreements related to the subject matter hereof that are not expressly provided for in this Agreement.

4.2 Franchisor Representations. Franchisor represents and warrants that:

(a) it has the right to distribute any rights, title, and interest, or equivalent rights thereto, in and to the Licensed Marks, Licensed Products, Business Content, and System;

(b) it has the right to grant the rights and the franchise hereby granted;

(c) it has not executed or made any oral or implied agreement that is in conflict with this Agreement; and

(d) it has not granted any of the rights, licenses, or privileges granted hereunder to any other person, firm, or corporation in the Territory.

4.3 Obligations of Franchisor. Franchisor hereby agrees and undertakes as follows:

(a) to furnish to Franchisee all information and documents regarding the Licensed Marks, Licensed Products, Business Content, and System necessary for Franchisee to exercise its rights hereunder;

(b) to provide reasonable assistance necessary to Franchisee in respect of its activities including marketing efforts and any other activities which may assist in the success of the Franchised Business within reasonable and mutually agreed time periods;

(c) to maintain its website, www.sailtime.com (the "**Website**") in a professional manner for benefit of the System and Franchisee, and to make its Scheduling, E-ttendant/Embark and other computer software products as developed available for the benefit of Franchisee and its Members as promised in the Help Desk Plan and Service Level Agreement attached as Exhibit 4 hereto;

(d) to comply with the provisions of the Help Desk Plan and Service Level Agreement attached as Exhibit 4, hereto; and

(e) establish and maintain one or more advisory councils or committees of franchisees with which Franchisor will consult on various issues relating to operations of SailTime branded businesses.

4.4 Franchisee Representations. Franchisee represents and warrants that it will:

(a) not use the Licensed Marks, Licensed Products, Business Content, or System for any purpose other than operation of the Franchised Business, nor in any territory outside of the Territory;

(b) not use or present the Licensed Marks, Licensed Products, Business Content, or System in any way that is defamatory, libelous, slanderous, obscene, or substantially erroneous in nature;

(c) not do nor permit to be done any act that, if publicized, would be likely to cause substantial damage to the good will and reputation of Franchisor, any of the Licensed Marks or the SailTime brand image;

(d) make no representations that it is affiliated with Franchisor in any manner other than through the Franchisee/Franchisor relationship described in this Agreement, nor that Franchisor in any manner guarantees the debts, obligations, or liabilities of Franchisee, nor that Franchisor warrants or is in any way responsible for the quality of any products or services being provided by Franchisee;

(e) not permit any act that could be reasonably foreseen to prejudice, affect, impair, or destroy the titles, interest, and/or ownership of Franchisor in the Licensed Marks, or the legal existence or enforceability of the Licensed Marks;

(f) cooperate fully with Franchisor in renewing any registrations of the Licensed Marks as they become due provided that any costs and expenses, if necessary, shall be borne by Franchisor;

(g) not reverse engineer any of the Licensed Products or attempt to do so, nor will it copy any of the Licensed Products or Business Content except to the extent required to

promote or operate the Franchised Business;

(h) abide by the process for developing new Bases (as included in the Business Content) and all of the tenets outlined therein, and will be subject to a work stoppage and delays if any of the process steps are not adhered to, and Franchisee could potentially lose its rights to the license described herein if it fails to substantially comply with those procedures;

(i) be responsible for ensuring that all documents utilized in operating the Franchised Business and all downloaded, copied, or developed from a provided template will be suitable for use in the state, market and area in which the Franchised Business is located. The issues with which Franchisee will ensure compliance include, but are not limited to, state and county taxes, operational liabilities and any other pertinent legal rules and regulations. All documents provided and made available to Franchisee are done so with the understanding that these documents are templates and are being provided as a basis for Franchisee to create its own valid and pertinent documents for the operation of the Franchised Business;

(j) be responsible for ensuring that all Watercraft used in the Franchised Business are documented with the United States Coast Guard ("**USCG**") to the extent required by law and in compliance with USCG regulations, and for keeping such documentation current with annual renewals; and

(k) cooperate with the process of obtaining Membership Quality Surveys as described in Section 4.5(a) herein.

4.5 Obligations of Franchisee. Franchisee hereby agrees and undertakes that:

(a) it will at all times maintain a passing grade on the Membership Quality Survey program administered by Franchisor, which survey program is described in the Operations Manual and will be updated by Franchisor from time to time in its reasonable business judgment. A passing grade will be considered a minimum grade of seventy-five percent (75%) or better with the elimination of the worst scores of ten percent (10%) of the tested population (rounded up).

(b) it will require all employees of the Franchised Business to conduct themselves at all times in a competent and courteous manner, and use best efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent, sober and courteous service to customers of the Franchised Business;

(c) it will operate the Franchised Business in complete compliance with the standards and specifications stated in the Manual, and all revisions thereto, as provided for in Section 5.1 of this Agreement, including (but not limited to) only utilizing Watercraft in the Franchised Business that are outfitted with at least the equipment and furnishing options specified in the Manual;

(d) it will employ a Designated Manager, who must be approved by Franchisor. If the Designated Manager becomes disabled, Franchisee shall replace the Designated Manager (with Franchisor's approval) within thirty (30) days of onset of the disability;

(e) it will comply with the provisions of the Bug Remedy Plan and Service Level Agreement attached as Exhibit 4 hereto;

(f) it will perform on an annual basis a safety inspection of Franchisee's entire fleet of Watercraft in compliance with manufacturers' specifications and U.S. Coast Guard Safety Standards, and then promptly implement all corrective actions and improvements required as a result of the safety inspection;

(g) it will maintain appropriate levels of insurance, on behalf of itself and Franchisor, for the Franchised Business and any other types of business operating under any of the Licensed Marks, with regard to both the types of coverage and the minimum dollar values of each such coverage, as specified in Exhibit 10 of this Agreement and in the Manual;

(h) it will not, except with the express written consent of Franchisor, maintain any Watercraft within its fleet that is more than six (6) years old;

(i) it will remit all mortgage or insurance payments for an Owner-Member unless it is clearly permitted to withhold such a payment by the express terms of the standard SailTime Owner-Member Agreement;

(j) unless Franchisee or its Related Party is a manufacturer's authorized dealer of a type of Watercraft that Franchisor authorizes for use in the Franchised Business, all Watercraft that are used in the Franchised Business must be purchased through Yacht Sales or from the vendors and using the methods designated by Franchisor in the Operations Manual at its sole discretion, provided that Franchisor shall split all commissions that it receives from such watercraft sales in accordance with Section 3.7 herein;

(k) it will consult with Franchisor on the appropriate pricing for membership packages and rates to be offered to Members of the Franchised Business, and once Franchisor and Franchisee have agreed on the pricing to be offered, not offer membership to any person for a price below the agreed-upon rates absent Franchisor's prior written consent, which Franchisor promises not to unreasonably withhold, condition or delay;

(l) it will participate in any program giving Members the ability to utilize Watercraft at other bases within the Franchise Network (a "**Reciprocity Program**") as required by rules established by Franchisor using its reasonable business judgment;

(m) it will require each owner of a Substantial Interest in Franchisee to sign the Guaranty and Assumption of Obligations attached as Exhibit 5 hereto, or if Franchisee is an individual then any person who he or she marries must sign a Guaranty and Assumption of Obligations in the form set forth in Exhibit 5; and

(n) if Franchisor, acting in its reasonable business judgment, designates one or more

approved suppliers of goods or services used in SailTime Bases, such as (without limitation) marketing materials, branded apparel, or insurance, Franchisee will only purchase or cause its Owner-Members to purchase such items from approved suppliers unless Franchisee can demonstrate its need to use an alternative supplier and obtains Franchisor's approval of that alternative vendor.

(o) it will continuously operate the Franchised Business during each applicable boating or sailing annual season, and specifically not permit the Franchised Business to cease operations for a consecutive period of 7 (seven) days (unless this is because of the effects of a Force Majeure Event as defined in Section 15.8 or for a reason to which Franchisor has given its prior written consent).

4.6 Training.

(a) Initial Training. Franchisor will provide a five (5) day initial training program at Franchisor's headquarters or other mutually agreed venue, at a time reasonably convenient to Franchisor and Franchisee, for the person who Franchisee has identified as its Designated Manager. The training program provided will be substantially similar to the training outline contained in Item 11 of Franchisor's Franchise Disclosure Document in use as of the Effective Date. The person who Franchisee sends to initial training must successfully complete the training program before Franchisor will approve him or her as the Designated Manager.

(b) Additional Training. At the request of Franchisee, Franchisor may, in its reasonable business judgment, provide to Franchisee and any individuals chosen by Franchisee, any such training as may be necessary in operations, sales development, or other matters relevant to the Franchised Business within reasonable and mutually agreed time periods. Franchisee shall pay Franchisor's reasonable costs and expenses incurred in providing such additional training, including, but not limited to, Franchisor's travel and accommodation expenses in providing training at Franchisee's location.

(c) New Designated Manager. If Franchisee is a business entity and, after beginning operations, Franchisee names a new Designated Manager, Franchisor may require in its business judgment that the new Designated Manager complete the initial training program to Franchisor's satisfaction within sixty (60) days after being hired by Franchisee. Franchisee shall pay the daily training rates as specified in the Manual for the initial training of any new Designated Manager. Franchisee shall be responsible for all travel costs, living expenses and employees' salaries incurred in connection with the new Designated Manager's attendance at such training.

4.7 Advertising.

(a) Marketing and Advertising Fund. Franchisee shall contribute to the monthly Marketing Fund in the manner stated in Sections 3.1(c) and 3.2 of this Agreement. The following terms and conditions shall apply to the use of Marketing Fund Contributions by Franchisor:

(i) Franchisor shall direct all advertising and marketing programs financed by

the Marketing Fund, with sole discretion over the creative concepts, materials and endorsements used therein, geographic, market and media placement and allocation, and the administration thereof. *The primary purpose of the Marketing Fund will be promotion of the Franchised Businesses to potential members and vessel owners.* However, Franchisee agrees that the Marketing Fund may be used to pay the costs of preparing and producing video, audio and written advertising and marketing materials; agency costs and commissions; sponsoring radio programs; administering multi-regional advertising programs, including, without limitation, purchasing and placing direct mail, online and other media advertising and employing advertising agencies and in-house staff to assist therewith; and supporting public relations, market research and other advertising and marketing activities. Franchisor will seek input from an advisory committee of its franchisees as to uses of the Marketing Fund proceeds, although Franchisor retains ultimate control over expenditures;

(ii) The Marketing Fund shall be accounted for separately from Franchisor's other funds and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs, salaries and overhead as Franchisor may incur in activities related to the administration of the Marketing Fund and its marketing programs, including, without limitation, conducting market research, incurring related accounting and legal expenses, preparing material and collecting and accounting for Marketing Fund Contributions. Franchisor shall prepare an unaudited statement of operations of the Marketing Fund on an annual basis, which Franchisee may obtain within a reasonable time from request. The Marketing Fund may be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and such successor entity shall have all rights and duties of Franchisor pursuant to this Section 4.7; and

(iii) Franchisor reserves the right to terminate the Marketing Fund upon thirty (30) days' written notice to Franchisee. All monies unspent as of the date of termination shall be distributed to Franchisor's franchisees in proportion to their respective contributions to the Marketing Fund during the preceding twelve (12) month period. Franchisor shall have the right to reinstate the Marketing Fund upon the same terms and conditions set forth herein upon thirty (30) days' prior written notice to Franchisee.

(b) Local Advertising. Franchisee shall spend a minimum of Fifteen Thousand Dollars ($15,000) per calendar year on local advertising within its Territory to create public awareness of the Franchised Business. Local advertising expenditures include amounts paid to participate in boat shows, hospitality events, open houses, brochure printing costs and advertising creation and placement (including online, social and digital), and Franchisee's purchase of approved items bearing the Licensed Marks for give away or sale to customers or prospects. but does not include the monthly Marketing Fund Contribution. Franchisee must submit to Franchisor an accounting of the amounts spent on advertising, within sixty (60) days following the end of each calendar year. Franchisor may increase the mandatory minimum expenditure annually by three percent (3%) or the increase in the U.S. Consumer Price Index during the prior calendar year, whichever is greater. However, if Franchisee has fully satisfied the Minimum Performance Requirements pursuant to Section 4.8, Franchisor cannot discipline Franchisee for failure to spend minimum required amounts.

(c) Approval of Local Advertising Materials. Franchisee shall submit for approval to Franchisor representative samples of all literature, packages, labels, and advertising prepared by or for Franchisee, and intended to be used by Franchisee, no later than fourteen (14) days prior to its intended date of first use. Franchisee may not use any advertising materials that have not been approved by Franchisor, which approval Franchisor may not unreasonably withhold or condition. When using the Licensed Marks, Licensed Products, or Business Content under this Agreement, Franchisee shall substantially comply with all laws pertaining to Intellectual Property rights in force in the Territory, including, but not limited to, compliance with trademark requirements.

4.8 Minimum Performance Requirements

Franchisee acknowledges and understands that a slow growing location will harm the SailTime brand. Therefore, Franchisee agrees to the following performance requirements ("**Minimum Performance Requirements**"):

(a) Minimum Watercraft Requirement: Franchisee agrees to add a minimum of one Watercraft to Franchisee's fleet in each year of this Agreement until the fleet reaches four (4) Watercraft, with performance measured on a three year rolling basis (the "**Minimum Vessel Requirement**"). (In other words, if Franchisee has three (3) boats after three (3) years and four (4) boats after six (6) years, then Franchisee is in compliance.) Moreover, as long as Franchisee maintains at least four (4) conforming Watercraft in its fleet then Franchisee will not be required to add more than one (1) additional vessel every two (2) years, and a Watercraft will be considered "added" if it either increases the size of Franchisee's SailTime fleet or replaces a vessel that has been removed from Franchisee's SailTime fleet within one (1) year of the date the vessel is added. Moreover, Franchisor shall grant Franchisee a waiver or variance of this requirement if Franchisee can demonstrate that local business or political conditions prevent Franchisee from meeting the Minimum Vessel Requirement.

(b) Minimum Membership Requirement. Franchisee agrees to maintain an average of sixty-two and one half percent (62.5%) occupancy throughout the fleet during each applicable annual season for its Franchised Business, provided that this obligation does not apply during the first six (6) months or first season of the Franchised Business, whichever is shorter.

4.9 Costs. Unless otherwise agreed, or otherwise provided hereunder, Franchisee and Franchisor shall pay any and all of their own costs and expenses under this Agreement and shall be solely responsible for the acts and expenses of their own employees, agents, and representatives.

ARTICLE V

USE OF THE OPERATING MANUAL, LICENSED MARKS, LICENSED PRODUCTS, BUSINESS CONTENT, AND SYSTEM

5.1 Operating Manual. Franchisor shall lend Franchisee one (1) copy of the Operating

Manual (the "**Manual**"), containing explicit instructions for use of the Licensed Marks, Licensed Products, Business Content and System; names of approved suppliers; and other information that Franchisor believes may be necessary or helpful to Franchisee in its operation of the Franchised Business. Franchisor shall revise the Manual periodically to conform to the changing needs of the Franchise Network and will distribute updated pages containing these revisions to Franchisee in electronic or hardcopy format.

Franchisee shall operate the Franchised Business in compliance with the Manual, including (but not limited to) all quality and safety requirements specified therein. Franchisee agrees to immediately comply with all revisions to the Manual. If there arises any dispute as to the contents of the Manual at any point in time, the terms of the master copy of the Manual maintained by Franchisor shall control.

In lieu of a "hard copy" of the Manual, Franchisor may make available to Franchisee a Manual in electronic form that is accessible at a password protected portion of the Website. Franchisee will be notified via email of any updates to the Manual. Franchisee shall be responsible for immediately downloading any and all revisions to the Manual, and for immediately complying with any and all revisions to the Manual regardless of the format in which they are provided.

5.2 Use of the Licensed Marks, Licensed Products, Business Content and System. Franchisee shall use the Licensed Marks, Licensed Products, Business Content, and System only in connection with the operation of the Franchised Business. Franchisee shall not use any other trade name or marks in connection with the Franchised Business without the express written consent and direction of Franchisor.

5.3 Continuation of Member Contracts and Communications with Members. Franchisee acknowledges that, because it has recruited all Members using the Licensed Marks & System and Franchisee's agreements with Members and Owner-Members of the Franchised Business are contingent upon Franchisee maintaining its good standing under this Agreement, upon termination of this Agreement for any reason (including its expiration) Franchisee will no longer have any rights to benefit from any such Member or Owner-Member agreement, and that Franchisor may, at its option, assume any and all of such customer contracts upon termination of this Agreement for any reason. Moreover, Franchisee acknowledges that Franchisor may, during the Term and thereafter, communicate with all SailTime Members and Owner-Members as appropriate in Franchisor's reasonable business judgment and as consistent with Franchisor's rights and obligations hereunder.

5.4 Trade Name. To the extent required by law in the state or jurisdiction where the Base is located, Franchisee must register as its trade, doing business as (a "DBA") or fictitious name the word "SailTime" and/or "PowerTime" (as applicable) followed by a geographic modifier appropriate to identify the Territory and approved by Franchisor (e.g., "SailTime Tampa Bay" for a franchisee whose territory encompasses the Tampa Bay in Florida). Franchisee may not modify its trade, fictitious or DBA without Franchisor's express approval, and may not use a geographic modifier that encompasses an entire state or region beyond the reasonable bounds of the Territory. Franchisee shall not otherwise use the Licensed Marks in combination with any

other trade names, trademarks, characters, figures, marks, or any other designations in connection with the Franchised Business, unless otherwise provided in writing by Franchisor. Franchisee may, however, indicate in signs, advertising, publicity, or other sales or marketing media or materials, that it is an authorized Franchisee of Franchisor, provided that in no event will Franchisee use Franchisor's Licensed Marks in a manner that could cause confusion as to the identity of Franchisor or the identity of Franchisee's Territory.

5.5 Use of the Licensed Marks as Trademarks. Franchisee shall not use the Licensed Marks as generic terms or as proper nouns, nor directly assist any other person in doing so.

5.6 Sale and Sourcing of Branded Items. Franchisor may require Franchisee to only sell Branded Items that it purchases from Franchisor or Franchisor's designated source. Such "**Branded Items**" are anything on which the Licensed Marks and/or logo displayed, and include, by way of example, clothing, bags, towels, hats and promotional products. In the absence of such a requirement, Franchisee may only sell Branded Items if they are produced in accordance with Franchisor's requirements for presentation of the Licensed Marks and the quality of the materials used in such items, *e.g.*, clothing articles.

ARTICLE VI

OWNERSHIP, DEFENSE AND MODIFICATION OF THE LICENSED MARKS, LICENSED PRODUCTS, BUSINESS CONTENT, AND SYSTEM

6.1 Ownership. Franchisee acknowledges Franchisor's right, title, and interest, or equivalent rights thereto, in and to the Licensed Marks, Licensed Products, Business Content and System, and will not at any time do or cause to be done any act or thing contesting or in any way impairing or tending to impair any part of such right, title, and interest, or equivalent right.

6.2 No Acquisition of Rights. All rights in the Licensed Marks, Licensed Products, Business Content and System, other than those specifically granted herein, are reserved to Franchisor for its benefit. Franchisee acknowledges that it shall not acquire any rights of any nature in the Licensed Marks, Licensed Products, Business Content or System as a result of Franchisee's use thereof, and that all use of the Licensed Marks by Franchisee shall inure to the benefit of Franchisor, and shall not give Franchisee any right, title, or interest in the Licensed Marks, other than rights granted by this Agreement or any successor license agreement thereto.

6.3 Franchisee Acknowledgements. Franchisee recognizes the value of the publicity and goodwill associated with the Licensed Marks, Licensed Products, and Business Content and System, and acknowledges that such goodwill associated with the Licensed Marks, Licensed Products, and Business Content and System belongs exclusively to Franchisor, and that the Licensed Marks have acquired a secondary meaning in the minds of the purchasing public.

6.4 No Adoption of Similar Marks. Franchisee shall at no time adopt or use without Franchisor's prior written consent, and subject to the terms hereunder, any word or mark which is likely to be similar to or confusing with any of the Marks.

6.5 Modifications to the Licensed Marks. Franchisor reserves the right to modify or substitute the Licensed Marks and the specifications for use of each from time to time when Franchisor believes that such changes will benefit the Franchise Network. Franchisee agrees to promptly conform, at its own expense, to any such changes.

6.6 Legal Protection. Franchisee agrees to notify Franchisor immediately in writing of any unauthorized use of the Licensed Marks of which it is made aware. Franchisee shall promptly notify Franchisor, in writing, of any claim, demand, or suit against Franchisee or its principals in connection with its use of the Licensed Marks or the System. In any action or proceeding arising from or in connection with any such claim, demand, or suit, Franchisee agrees that Franchisor may select legal counsel and control the defense against such claims, and Franchisee promises to cooperate fully with Franchisor in the defense of such a case. Unless Franchisee's use of the Mark in an unauthorized manner is the proximate cause of an infringement claim, Franchisor will indemnify and hold Franchisee harmless for liabilities arising from a third party's claim that Franchisee's operation of the Franchised Business under this Agreement infringes the intellectual property of the third-party claimant, including reasonable costs for Franchisee to adopt replacement Marks due to such a claim, but not for loss of goodwill in the value of the Franchised Business resulting from loss of use of the Licensed Marks.

ARTICLE VII

RECORDS, REPORTS AND AUDITS

7.1 Bookkeeping and Accounting Records Franchisee shall establish and maintain bookkeeping, accounting and financial records for the Franchised Business conforming to such requirements as are prescribed by Franchisor in the Manual from time to time (the "**Accounting Records**"). In the event that Franchisor establishes any computerized bookkeeping or accounting systems for its franchisees, Franchisee agrees to utilize such systems and to purchase or lease all computer hardware and software required for such systems. Franchisee acknowledges and agrees that, if Franchisor is required or permitted by statute, rule, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Franchised Business, including the earnings or other financial information, then Franchisor may disclose such information. In addition, Franchisee expressly permits Franchisor to disclose any such information to potential purchasers (and their employees, agents, and representatives) of Franchisor or the Franchised Business in connection with the sale or transfer of any equity interests or assets of Franchisor, Franchisee or the Franchised Business, or any merger, reorganization or similar restructuring of Franchisor.

7.2 Business Records. Franchisee agrees to establish and maintain a record-keeping system for the Franchised Business conforming to requirements prescribed by Franchisor in its Manual from time to time (the "**Business Records**"). Among other things, such record-keeping system shall include a complete record of all member and Owner-Member contracts.

7.3 Financial Reports. Franchisee must provide Franchisor with financial reports required by Franchisor from time to time (the "**Financial Reports**"). Such reporting requirements may include:

(a) Upon request of Franchisor, a monthly unaudited balance sheet and profit and loss statement in a form satisfactory to Franchisor covering Franchisee's business for the prior month and current fiscal year to date, each certified by Franchisee as true and correct;

(b) A copy of Franchisee's annual signed 1120 or 1120S tax form and/or a Schedule C federal tax filing concerning the Franchised Business as filed with the Internal Revenue Service (or any forms which take the place of those forms), to be delivered within thirty (30) days after filing; and

(c) A statement of local advertising expenditures made pursuant to Section 4.7(b) for each calendar year, in a form satisfactory to Franchisor, to be delivered within sixty (60) days after the end of each calendar year.

If any of the reports or other information required to be given to Franchisor in accordance with this Section are not received by Franchisor by the required deadline, Franchisor may charge Franchisee a late submission fee equal to One Hundred Dollars ($100.00) for each occurrence of lateness.

Franchisee may request copies of Franchisor's annual, audited financial statements once completed, within thirty (30) days of requesting it.

7.4 Audit.

Franchisor, through its employees and any agents designated by Franchisor from time to time and on seventy-two (72) hours' notice, may enter the premises of the Franchised Business, inspect the assets used in connection with the Franchised Business, and examine the Accounting Records, Business Records, all Financial Reports that Franchisee is required to submit under Section 7.3 (including, but not limited, to all tax returns concerning the Franchised Business), as well as all documents relating thereto, and any other information, records or properties relating to the ownership, management or operation of the Franchised Business, to determine whether Franchisee has complied with the terms of this Agreement. Franchisee shall cooperate with Franchisor in all such inspections and shall make Franchisee's personnel and assets available to Franchisor as may be necessary to carry out such inspections.

Any such inspection shall be made at Franchisor's expense, provided that if such inspection is necessitated by Franchisee's repeated or continuing failure to comply with financial reporting or operational standards of this Agreement, Franchisor may charge Franchisee for the costs of making such inspection, including without limitation the cost of travel, meals and lodging for, and compensation of, Franchisor's employees and agents.

Without limiting the foregoing, Franchisor may audit or cause to be audited any statement Franchisee is required to submit pursuant to Sections 3.3 or 7.3, and Franchisor may review, or cause to be reviewed, the records maintained by any bank or other financial institution used by Franchisee in connection with the Franchised Business. If any such audit or review discloses an understatement of the Gross Revenue for any period or periods, Franchisee shall pay to Franchisor, within fourteen (14) days after demand for payment is made, all additional

Royalties, Marketing Fund Contributions or other amounts required to be paid based upon the results of such audit or review, plus interest from the date such amount was due until paid at the rate of one and a half percent (1.5%) per month or the maximum rate permitted by law, whichever is less.

In addition, if such understatement for any period or periods is five percent (5%) or more of the Gross Revenue for such period or periods, Franchisee shall reimburse Franchisor for the cost of such audit or review, including without limitation the charges of any independent accountant and the cost of travel, meals and lodging for, and compensation of, such accountant and employees or other agents of Franchisor. Moreover, in addition to any other rights it may have, Franchisor may conduct such further periodic audits and/or examinations of Franchisee's books and records as Franchisor reasonably deems necessary for up to two (2) years thereafter, and the costs for such further audits and/or examination (as described herein) shall be at Franchisee's sole expense.

The foregoing remedies shall be in addition to any other remedies Franchisor may have, and Franchisee's obligations set forth in this Section 7.4 shall survive the expiration or any earlier termination of this Agreement.

ARTICLE VIII

TRANSFERS AND ASSIGNMENTS

8.1 Restrictions on Transfer. Franchisor's grant of this franchise is made in reliance upon the integrity, ability, experience and financial resources of Franchisee or, if Franchisee is a limited liability entity, Franchisee's Related Parties. Accordingly, neither Franchisee nor any Related Party may complete a Transfer without Franchisor's prior written consent, which will not be unreasonably withheld or delayed. In order to ensure that no Transfer jeopardizes the Licensed Marks, Licensed Products, Business Content, System, or Franchisor's interest in the successful operation of the Franchised Business, Franchisor will consent to a Transfer only if Franchisee complies with the applicable provisions of this Article VIII.

8.2 Notice of Proposed Transfer. To seek Franchisor's approval of a Transfer, as required by this Agreement, Franchisee must submit to Franchisor: (a) on behalf of the proposed transferee, a fully completed prospective franchisee application in the form then in use by Franchisor; (b) a written notice, describing all the terms and conditions of the proposed Transfer, including, without limitation, an explanation of how the proposed transferee will finance the purchase; and (c) a Transfer Fee of Five Thousand Dollars ($5,000.00). If Franchisor does not approve the Transfer, Franchisor will return Four Thousand Dollars ($4,000.00) of the submitted Transfer Fee to Franchisee.

8.3 Consent by Franchisor; Franchisor's Right of First Refusal. Franchisor must respond in writing to Franchisee's written notice within fifteen (15) days of receiving the same; or, if Franchisor requests additional information, within fifteen (15) days of receipt of the additional information. Franchisor may either (a) consent to the Transfer, (b) tell Franchisee its reason for refusing to consent, or (c) step into the shoes of the proposed transferee and complete the

proposed purchase on the same terms and conditions as those offered by the third party. However, unless otherwise provided by Franchisor in writing, Franchisor's failure to respond to notice of a proposed Transfer within fifteen (15) days of receipt of such notice shall be deemed to be a disapproval of the proposed Transfer. If Franchisor consents to the Transfer, then Franchisee or the Related Party (as applicable) may complete the Transfer as described in the notice only to the named transferee and only upon the terms and conditions stated in the notice. Consent by Franchisor to a particular Transfer will not constitute consent to any other or subsequent Transfer.

8.4 Conditions for Consent to Transfer. The conditions Franchisor will consider in deciding whether to approve a transfer are:

(a) Satisfaction of Franchisor's reasonable business judgment that the proposed transferee (or its owners, as applicable) meets all of the criteria of character, business experience, financial responsibility, net worth and other standards that Franchisor customarily applies to new franchisees at the time of Transfer, and that the terms of the proposed Transfer (including financing) will not prevent the proposed transferee from operating the Franchised Business in compliance with its franchise agreement and at or above the level of productivity at which it was operated by Franchisee;

(b) As of the effective date of the Transfer, all of Franchisee's outstanding debts to Franchisor and its Related Parties have been satisfied, and Franchisee is not in default of any of its material duties under this Agreement, the Manual, or any other agreement(s) between Franchisor or its Related Parties and Franchisee or its Related Parties;

(c) The transferee's execution of Franchisor's then-current form of franchise agreement, appropriately amended in light of the fact that the Franchised Business is already operational;

(d) Completion by the proposed transferee's Designated Manager of Franchisor's initial training program to Franchisor's satisfaction;

(e) Franchisee and its Related Parties signing a general release of claims in favor of Franchisor and its Related Parties, the current form of which is attached to this Agreement as Exhibit 8 hereto;

(f) Payment by the Franchisee, or the transferee, of a transfer fee of Five Thousand Dollars ($5,000.00) (the "**Transfer Fee**"), unless payment of that fee is excused pursuant to Section 8.5 or Section 8.6 below;

(g) Franchisee and its Related Parties signing a new agreement, in favor of Franchisor and the transferee, containing a post-termination covenant not to compete and confidentiality clause that is expressly granted as a condition of approving the Transfer; and

(h) If Franchisee will finance all or any portion of the transferee's purchase of the franchise or the Franchised Business, Franchisee: (i) guaranteeing the transferee's obligations

under its franchise agreement with Franchisor until the loan to the transferee is repaid in full; and (ii) subordinating any security interest(s) in transferee or its assets to Franchisor's right to be paid all amounts owed by the transferee to Franchisor.

8.5 Transfer to a Controlled Entity. Franchisor agrees to allow the transfer of this Agreement to another entity the shares of which are owned by each individual Franchisee who signs this Agreement. However, in no event shall such assignment relieve an original party of any of his or her obligations under this Agreement. Information on the identity of the shareholders and the percentage of ownership, and the address where company records are maintained, must be submitted promptly to Franchisor.

8.6 Transfer in Event of Death. If Franchisee or a Related Party owning a Substantial Interest in Franchisee dies during the Term, that person's heirs or beneficiaries shall have one hundred eighty (180) days within which to demonstrate to Franchisor's satisfaction that they meet all of the criteria of character, business experience, financial responsibility, net worth and other standards that Franchisor requires of new franchisees at that time. If Franchisor approves the heirs or beneficiaries as owners of the franchise and they meet the other conditions of Transfer, Franchisor will waive any Transfer Fee payable in connection with the transfer. If Franchisor advises the heirs or beneficiaries in writing that Franchisor will not approve them as owners of the franchise, or if Franchisor fails to approve or disapprove the Transfer within one hundred and eighty (180) days following the death of Franchisee or its Related Party, the heirs or beneficiaries will then have ninety (90) additional days to notify Franchisor of a proposed Transfer to a qualified buyer in conformity with the Sections 8.2, 8.3 and 8.4, above. If the heirs or beneficiaries do not advise Franchisor of a qualified buyer within the specified period, this Agreement will automatically terminate at the end of the period unless Franchisor has granted a written extension of time.

8.7 Operation Upon Death or Disability. If, in its business judgment, Franchisor determines that the Franchised Business is not being managed properly any time after Franchisee's or a Related Party's death or incapacity and prior to an approved assignment pursuant to this Article VIII, Franchisor may, but need not, assume management of the Franchised Business (or appoint a third party to assume its management). All funds from operation of the Franchised Business while it is under Franchisor's (or the third party's) management will be kept in a separate account, and all expenses will be charged to this account. Franchisor may charge Franchisee (in addition to amounts due under this Agreement) a reasonable per diem fee not to exceed ten percent (10%) of Gross Sales, plus Franchisor's (or the third party's) direct out-of-pocket costs and expenses, if Franchisor (or a third party) assumes management of the Franchised Business under this Section 8.7. Franchisor (or a third party) will have a duty to utilize only reasonable efforts and will not otherwise be liable to Franchisee or its heirs or owners for any debts, losses, or obligations the Franchised Business incurs, or in any event be liable to any of Franchisee's creditors for any products, other assets, or services the Franchised Business purchases, while Franchisor (or a third party) manages it.

8.8 Assignment by Franchisor. Franchisor may assign this Agreement or any rights or obligations created by it at any time and for any reason without Franchisee's consent, provided

that the assignee expressly agrees in writing to assume Franchisor's obligations under this Agreement.

ARTICLE IX

DISCLOSURE OF CONFIDENTIAL INFORMATION

9.1 Confidential Information. "**Confidential Information**" means information of either Franchisor or Franchisee that is not generally known and includes, without limitation, trade secrets, business plans, business strategies, marketing plans, contracts, customer lists, customers' contact information and personal financial information, price lists, cost information, information about employees, process descriptions, Business Content and the System. Confidential Information may be written, graphic, machine-readable, and oral, expressed in electronic media or otherwise disclosed, and may be tangible or intangible. However, if Confidential Information is disclosed orally, the Disclosing Party shall, within thirty (30) days after disclosure, provide the Receiving Party with a written document describing and enumerating the information that it considers to be "Confidential Information."

9.2 Mutual Representations. As a Receiving Party of Confidential Information, both Franchisor and Franchisee agree to:

(a) maintain and preserve the confidentiality of the other party's Confidential Information, including, without limitation, using at least the same procedures and degree of care which it uses to prevent the disclosure of its own Confidential Information of like importance, but in no case less than reasonable procedures and a reasonable degree of care for the type of information disclosed;

(b) disclose Confidential Information to their own employees and agents on a "need-to-know" basis only;

(c) not disclose Confidential Information to any third party (excluding legal and accounting advisors, if all of such individuals have agreed to maintain the confidentiality thereof) without the express written consent of the Disclosing Party; and

(d) use such Confidential Information solely for the purposes of this Agreement, which Franchisee agrees includes Franchisor's right to adopt, as part of the Business Content, ideas or methods that Franchisee develops in the course of operating the Franchised Business.

9.3 Materials not Constituting Confidential Information. Information or materials disclosed under this Agreement shall not constitute Confidential Information if the information or materials:

(a) are the sales, earnings or profits of Franchisee or its Related Parties, provided that such information is used in compliance with the Federal Trade Commission's Franchise Sales trade regulation;

(b) are in or enter the public domain through no fault of the Receiving Party;

(c) are received by the Receiving Party properly and lawfully from a third party without restriction on disclosure and without knowledge or reasonable suspicion that the third party's disclosure is in breach of any obligations to the Disclosing Party;

(d) are in the possession of the Receiving Party prior to receipt from the Disclosing Party;

(e) are independently developed by the Receiving Party, provided that such development can be demonstrated by Receiving Party's written records;

(f) are required to be disclosed in connection with a prospective permitted assignment of all or any portion of this Agreement; or

(g) are disclosed pursuant to the advice of counsel, a requirement of law, or an order or requirement of a court, administrative agency, or other governmental body; provided, that the Receiving Party shall provide reasonable advance notice thereof to enable the Disclosing Party to seek a protective order or otherwise prevent such disclosure.

9.4 Obligations Upon Termination. Upon termination of this Agreement for any reason, the Receiving Party will immediately return to the Disclosing Party all tangible expressions (including all copies) of Confidential Information within the Receiving Party's possession. Notwithstanding the foregoing, following termination for any reason Franchisor may use all customer lists, customer contact information and personal financial information, and financial records of the Franchised Business to continue operation of a SailTime Base within the Territory, and is not obliged or expected to return such data to Franchisee following termination.

ARTICLE X

TERM AND RENEWAL

10.1 Term. The term of this Agreement shall commence on the Effective Date and shall continue for a period of ten (10) years (the "**Term**").

10.2 Renewal. The Term shall automatically extend for an additional ten (10) years unless either Franchisor or Franchisee send a notice of non-renewal at least one-hundred eighty (180) days prior to the expiration of the initial Term. If Franchisor sends a notice of non-renewal, then it must offer Franchisee the option to enter into a new agreement in the form then being offered by Franchisor to its United States franchisees (the "**Successor Agreement**") to take effect immediately following the end of the Term, provided that the conditions set forth below are are satisfied, specifically:

10.2.1 there shall be no outstanding material breach by Franchisee of the terms of this Agreement;

10.2.2 Franchisee shall have substantially observed and performed the terms and conditions of this Agreement throughout the Term;

10.2.3 If Franchisee was an authorized dealer of Watercraft sold by an Authorized Supplier to the System upon execution of this Agreement, Franchisee remains an authorized dealer of Watercraft sold by an Authorized Supplier to the System;

10.2.4 Franchisee shall undertake to carry out at its own expense within a reasonable period specified by Franchisor an inventory of all Watercraft and undertake any remedial action as may be necessary in order to comply with all current boat management agreements in place with Owners, Franchisor's requirements for Watercraft age and condition, and any statutory or other requirements or regulations concerning the maintenance of Watercraft;

10.2.5 Franchisee and Franchisor shall enter into the Successor Agreement for a further period of ten (10) years, with personal guarantees provided by Franchisee's then-current Related Parties, except that Franchisee shall not pay any sum expressed to be by way of initial fee (however described) and Franchisor shall not be obliged to comply with any obligations contained in such agreement which are appropriate to the establishment in business of a new franchisee; and the Successor Agreement shall grant Franchisee a Territory that will not unduly burden or prejudice Franchisee's business as of the date of renewal, as compared to the Territory granted in this Agreement. Franchisor will provide Franchisee with the proposed New Agreement a minimum of one-hundred eighty (180) days prior to the end of the Term, and Franchisee will then have sixty (60) days to review and sign the Successor Agreement; and

10.2.6 Franchisee's right to require Franchisor to enter into the Successor Agreement shall cease and be of no effect if after the service of Franchisor's Notice and prior to the entry into of the Successor Agreement, Franchisee shall fail to carry out the obligations referred to in this Section 10.2 or shall commit a breach of this Agreement such as to justify the termination of this Agreement or which may result in its termination.

10.3. Early Termination Option. Franchisee has the option to terminate this Agreement (the "**Early Termination Option**") upon its fifth (5th) anniversary, provided that Franchisee gives Franchisor six (6) months' notice of its intent to exercise the Early Termination Option, executes a general release in favor of Franchisor and its Related Parties (the current form of which is shown in Exhibit 8 hereto), is in compliance with this Agreement when it provides said notice and throughout the remainder of the fifth (5th) year of the Term, and pays the required fee (the "**Early Termination Fee**"). The Early Termination Fee is equal to two (2) multiplied by the sum total of the average annual amounts due to Franchisor during years two (2) through four (4) of this Agreement for the: (i) Royalty; and (ii) the Watercraft Initiation Fees or Franchisor's share of Watercraft Commissions (if applicable). The Early Termination Fee is due on the fifth (5th) anniversary of this Agreement. Franchisor, in its discretion, may conduct an Audit pursuant to Section 7.4 of this Agreement to determine whether Franchisee is in compliance with this Agreement and to properly calculate the Early Termination Fee. Exercise of the Early Termination Option relieves Franchisee of the restrictions provided in Section 12.2 (the "Post-termination Covenant Not to Compete"). Unless Franchisor exercises its option to purchase Franchisee's assets as provided in Section 10.5 below, exercise of the Early Termination Option also relieves Franchisee of the restrictions provided in Section 12.3 (the "Post-termination Covenant Not to Solicit"). All other post-termination obligations not

specifically excluded by this Section 10.3 shall continue to apply, notwithstanding exercise of the Early Termination Option.

10.4. Optional Exit Payment. Provided that Franchisee has complied with this Agreement in all material respects during the Term, Franchisee has the option to avoid certain post-expiration competitive restrictions by making an exit payment (the "**Exit Payment**") and issuing a general release of claims in favor of Franchisor and its Related Parties; specifically, if Franchisee takes those steps then Franchisee will be released from the covenant not to compete in Section 12.2 and, unless Franchisor exercises its option to purchase Franchisee's assets as provided in Section 10.5, the covenant not to solicit in Section 12.3 (the "**Exit Option**"). Franchisee must notify Franchisor of its intent not to renew the Agreement and to exercise the Exit Option at least six (6) months prior to the expiration of the Term, and execute a general release in favor of Franchisor and its Related Parties (the current form of which is shown in Exhibit 8 hereto). The Exit Payment is equal to three (3) times the highest annual total of Royalties due to Franchisor during the Term, and the Exit Payment and is due to Franchisor ninety (90) days prior to the expiration of the Term. The Exit Option may not be exercised if this Agreement is terminated prior to the expiration of the Term. Franchisor, in its discretion, may conduct an Audit pursuant to Section 7.4 of this Agreement to determine whether Franchisee is in compliance with this Agreement and to properly calculate the Exit Payment.

10.5 Franchisor's Option to Purchase Assets. If Franchisee exercises the Early Termination Option or elects not to continue the franchise relationship at the end of the Term, then Franchisor shall have the option, to be exercised by no later than the date that this Agreement terminates, to purchase the physical assets and the Member and Owner-Member contracts of the Franchised Business. The purchase price shall be the assets' fair market value ("FMV") for use in an independent business offering memberships for fractional use of watercraft, and all value attributable to the Licensed Marks and the System shall revert to Franchisor upon early termination (under Section 10.3) or non-renewal and not be considered in determining fair market value. Franchisee shall cooperate in all reasonable respects with Franchisor's requests for information about the assets and customer contracts made prior to the termination. The FMV shall be determined as follows:

(a) Franchisor shall provide notice by no later than the termination date of the assets that it elects to purchase, its determination of the FMV of those assets, and an explanation as to how it has determined that FMV;

(b) Franchisee shall, within fifteen (15) days after receiving Franchisor's notice, respond in writing to Franchisor either accepting Franchisor's determination of FMV or demanding determination of FMV by an independent appraiser who Franchisee nominates, and if Franchisee fails to provide such a written response then Franchisor's determination of FMV shall be binding and Franchisee shall transfer control over the identified assets within thirty (30) days of receiving Franchisor's notice pursuant to subpart (a);

(c) If Franchisee demands an appraisal of FMV then Franchisor must respond to Franchisee's notice within fifteen (15) days of delivery and either accept or reject Franchisee's nominee for independent appraiser, with FMV then being determined as follows:

(i) If Franchisor accepts the nominee, then Franchisee shall hire such appraiser, the appraiser's determination of FMV shall determine the price that Franchisor must pay for the assets, and if the appraiser determines the FMV to be greater than the amount stated by Franchisor pursuant to subsection (a) then Franchisor also must reimburse Franchisee for the appraiser's fee.

(ii) If Franchisor rejects the nominee, then its reply notice shall designate Franchisor's choice of appraiser and the two party-appointed appraisers shall confer in good faith and, within thirty (30) days thereafter, select a third appraiser. The FMV shall then be determined by the three (3) appraisers acting as an arbitral body, with the opinion of FMV accepted by the majority of the appraisers being the final, binding determination of FMV. Each party shall bear the cost of its party-appointed appraiser, the cost of the third appraiser shall be shared equally by the parties, and the arbitral body shall not require either Franchisor or Franchisee to pay any additional costs attributable to the appraisal process, it being the parties' express intention to bear its own share of such costs as stated in this sentence.

ARTICLE XI

DEFAULT AND REMEDIES, INCLUDING TERMINATION

11.1 Termination By Either Party

(a) This Agreement may be terminated upon the mutual written consent of the parties.

(b) Either party may terminate this Agreement by written notice to the other party if the other party fails to observe or perform, or is in any way in default of, any term, provision, or condition of this Agreement, or breaches any warranty, representation, or undertaking under this Agreement, and does not cure such failure or breach within ninety (90) days after receiving written demand from the other party, provided that if such failure cannot reasonably be cured within such ninety (90) day period, then the demanding party shall not have the right to terminate if the defaulting party has taken reasonable steps to initiate action at the earliest reasonable time to cure such failure and continuously performs and effects such cure within six (6) months of the initial written notice. However, this provision is without prejudice to Franchisor's option to terminate this Agreement on shorter notice periods and, where applicable, without an opportunity to cure, for the reasons specified in Sections 11.2 of this Agreement.

11.2 Termination by Franchisor

(a) Unless a longer notice period and/or a cure period is mandated by applicable state law, Franchisor may terminate this Agreement on thirty (30) days' notice if:

(i) Franchisee fails to pay any amounts due to Franchisor pursuant to the Agreement, fails to comply with Section 4.5(g) (insurance), fails to comply with Section 4.5(i) (Owner-Member payments), or fails to continuously operate during the season as required by Section 4.5(o), and does not cure the default within the notice period;

(ii) Franchisee breaches any portion of Section 4.4(a) - 4.4(e) of this Agreement, without providing Franchisee an opportunity to cure any such breach; or

If applicable state law requires a longer notice period and/or an opportunity to cure the default at issue, then this provision shall be read to require the shortest periods required by such law.

(b) Franchisor shall have the right to terminate this Agreement without any further notice if:

(i) Franchisee commits two (2) or more material defaults of this Agreement within any twelve (12) month period, or

(ii) Franchisee or any owner of at least thirty-three percent (33%) of Franchisee is insolvent, is adjudicated bankrupt, or files or has filed against it a petition in bankruptcy, reorganization or similar proceeding that is not dismissed within thirty (30) days of filing.

11.3 Rights and Obligations after Termination

(a) Upon termination of this Agreement, Franchisee shall immediately cease the use and display of the Licensed Marks, Licensed Products, Business Content and System. In addition, Franchisee shall deliver to Franchisor or its duly authorized representatives all materials, papers, copies of compact discs and other machine-readable material containing the Licensed Marks, Licensed Products, Business Content or Manual, unless Franchisor directs Franchisee to destroy any such materials in lieu of delivering them, in which case Franchisee shall abide fully with Franchisor's destruction specifications.

(b) Upon termination of this Agreement, all obligations of the parties under this Agreement shall cease, except for: (i) payment obligations (if any) under this Agreement which are accrued on or prior to the date of termination, or which are owed to Franchisor for all periods through the end of the Term if the termination is due to Franchisee's breach of this Agreement; and (ii) the obligations of the parties under Articles V, VI, VII, XI and XII of this Agreement, including confidentiality, non-solicitation and covenant not to compete obligations, which shall survive any termination of this Agreement and remain in full force and effect.

(c) In addition to the provisions in subsections 11.2(a) and 11.2(b), upon termination of this Agreement for any reason, the parties shall have the following rights and obligations:

(i) Franchisor shall have no further obligations under this Agreement;

(ii) Franchisee shall give Franchisor a final accounting for the Franchised

Business and pay Franchisor within thirty (30) days after termination all payments due to Franchisor. Franchisee must maintain all records required by Franchisor under this Agreement for a period of not less than three (3) years after final payment of any amounts Franchisee owes to Franchisor on the date of termination of this Agreement;

(iii) Franchisee shall promptly sign any documents and take any steps that, in the judgment of Franchisor, are necessary to: (1) delete Franchisee's listings from print and online classified telephone directories, or assign them to Franchisor at Franchisor's option; (2) disconnect or, at Franchisor's option, assign to Franchisor all telephone numbers, social media marketing accounts, Internet websites and postings that have been used in the Franchised Business; and (3) terminate all other references that indicate that Franchisee is or has been affiliated with Franchisor. By signing this Agreement, Franchisee irrevocably appoints Franchisor its attorney-in-fact to take the actions described by this paragraph if Franchisee does not do so itself within seven (7) days following termination of this Agreement;

(iv) Unless Franchisee terminates this Agreement due to Franchisor's breach in accordance with Section 11.1(b), Franchisor shall have the option (but not the obligation) to do any of the following within thirty (30) days following the effective date of termination:

(1) assume Franchisee's existing Member and Owner-Member contracts or require that Franchisee assign them to another SailTime franchisee, at no compensation to Franchisee unless the termination is due to the expiration of the Term or Franchisee has exercised the Early Termination Option pursuant to Section 10.3, in which case the contracts and customer lists shall be assets of the Franchised Business that Franchisor (or its designee) must pay for (or choose not to assume) in accordance with Section 10.5 of the Agreement.

(2) purchase any or all of the physical assets of the Franchised Business, including its equipment, supplies and inventory, valued in accordance with Section 10.5, above; and/or

(3) replace Franchisee as lessee of the premises of the Base. If Franchisee rents the Base, Franchisor may assume the lease in return for its assumption of future obligations under the lease. Upon exercise of this option by Franchisor, Franchisee will be fully released and discharged from future rents and other future liabilities under the lease if the terms of the lease permit it, but not from any debts to the lessor that already exist on the date when the option is exercised.

(d) Franchisor and Franchisee acknowledge that this Agreement is an executory agreement as provided in 11 U.S.C. Section 365(n) (the "**Bankruptcy Code**"). Franchisee acknowledges that if Franchisee, as a debtor in possession or a trustee in bankruptcy in a case under the Bankruptcy Code, rejects this Agreement, Franchisor may elect to retain its rights under this Agreement and upon written request of Franchisor to Franchisee or the Bankruptcy Trustee, Franchisee or such Bankruptcy Trustee shall not interfere with the rights of Franchisor as provided in this Agreement.

(e) In the event Franchisor sells Franchisor's business, Franchisor agrees to make

the sale contract uphold all the covenants of this Agreement.

11.4 No Limitation of Remedies upon Termination. If the franchise granted in this Agreement is terminated because of Franchisee's default, the rights of Franchisor described in this Article XI shall not constitute Franchisor's sole remedies, but shall instead supplement any other equitable or legal remedies available to Franchisor. Nothing in this Section shall be construed to deprive Franchisor of the right to recover damages as compensation for lost future profits. Except as otherwise provided in this Agreement, termination of this Agreement will not extinguish any obligation of either party that accrued prior to termination. All obligations of the parties, which by their terms or by reasonable implication are to be performed in whole or in part after termination, shall survive termination.

11.5 Franchisor's Alternative Remedies for Failure to Develop Territory. If Franchisee defaults under Section 4.8 of this Agreement ("Minimum Performance Requirements") at any time after the third (3rd) anniversary of the Effective Date, then as an alternative to termination and with thirty (30) days' advance notice to Franchisee, Franchisor may reduce the geographic scope of the Territory to a size commensurate with the Franchised Business as developed to date. By way of example only, and without limitation on Franchisor's rights hereunder, if the Territory compromises several counties, each of which has sufficient available boat slips to establish a Base, but Franchisee has only developed a Base in one such county and is in default of Section 4.8 at that Base, then Franchisor may reduce the scope of the Franchisee's Territory to the county where Franchisee's existing Base operates. The reduced Territory specified in Franchisor's notice pursuant to this paragraph shall operate as an amendment to Exhibit 7 hereof, without any countersignature required from Franchisee.

ARTICLE XII

NON-COMPETITION AND NON-SOLICITATION

12.1 Covenant Not to Compete During Term. Franchisee acknowledges that, in addition to the licenses specifically granted herein, Franchisor has also licensed commercially valuable information which comprises and is a part of the System, including without limitation, operations, marketing, advertising and related information and materials and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the same by all Franchisees of Franchisor using the Licensed Marks and System. Franchisee therefore agrees that other than the Franchised Business licensed herein, neither Franchisee, any Related Party, nor any of Franchisee's officers, directors, shareholders, partners, member or managers, nor any member of his or her or their immediate families, will during the Term:

a. have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business;

b. perform services as a director, officer, partner, manager, employee, consultant, representative, agent or otherwise for a Competitive Business;

c. divert or attempt to divert any business related to, or any customer or account of the Franchised Business, Franchisor's business or any SailTime franchisee's business, by direct inducement or otherwise, to any Competitive Business by any direct inducement or otherwise; or

d. solicit, divert or attempt to divert any prospective franchise applicants who are already participating in Franchisor's sales process for the purpose of retaining such person as a consultant, independent contractor, business partner or joint venturer of Franchisee, or to become a shareholder, officer or director of Franchisee.

12.2 Post-termination Covenant Not to Compete. Upon termination or expiration of this Agreement for any reason, except if Franchisee terminates this Agreement in accordance with Section 11.1 (b) due to Franchisor's breach, Franchisee and its officers, directors, shareholders, and/or partners agree that, for a period of twenty-four (24) months commencing on the effective date of termination or expiration, or the date on which Franchisee ceases to conduct business, whichever is later, neither Franchisee, any Related Party, nor Franchisee's officers, directors, shareholders, managers, members and/or partners will have any direct or indirect interest (through any immediate family member of Franchisee or its owners or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent or in any other capacity in any Competitive Business, as defined above, located or operating either within the Territory or within a fifty (50) mile radius of the principal location of any other franchised or company-owned SailTime business. The restrictions of this Section will not be applicable to the passive ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent five percent (5%) or less of the number of shares of that class of securities issued and outstanding. Franchisee and its officers, directors, shareholders, managers, members and/or partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living.

12.3 Post-termination Covenant Not to Solicit. Franchisee covenants that for a period of twenty-four (24) months immediately following the expiration or termination of this Agreement or any renewal term of this Agreement (regardless of cause), Franchisee will not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners, or corporation:

a. solicit, encourage, or induce (or attempt to solicit, encourage, or induce) any Member, Owner-Member, client, supplier, business partner, technology partner, contractor, subcontractor, franchisee, landlord, lessor, or other person with whom Franchisor has a business relationship to cease doing business with (or alter or reduce its business relationship with) Franchisor;

b. solicit, encourage, or induce (or attempt to solicit, encourage, or induce) any Owner-Member or Member with whom Franchisor or its designee has a business relationship, created by Franchisor's exercise of either its option to purchase as provided in Section 10.5 hereof or its option to assume contracts as provided in Section

11.3(c)(iv)(1) hereof, to cease doing business with (or alter or reduce its business relationship with) Franchisor or its designee; or

c. solicit, encourage, or induce (or attempt to solicit, encourage, or induce) any employee or service contractor of Franchisor or any other SailTime® franchisee to abandon its business relationship with Franchisor or any other SailTime® franchisee, or in any way interfere with the relationship between Franchisor and any of its franchisees, contractors or employees.

12.4 Nondisclosure, Noncompetition and Non-solicitation Agreement. Each Related Party, the Designated Manager, each of their spouses, and all employees with access to Confidential Information shall sign the Nondisclosure, Noncompetition and Non-solicitation Agreement attached as Exhibit 6 hereto.

ARTICLE XIII

INDEMNIFICATION

13.1 By Franchisor. Franchisor will indemnify and hold harmless Franchisee and its Related Parties against, and will defend or settle at Franchisor's expense, any action or other proceeding brought against Franchisee and its Related Parties to the extent arising out of or in connection with any claim that: (i) the Licensed Marks, Licensed Products, or Business Content infringes any third-party Intellectual Property rights, is defamatory, or infringes any right of personality or publicity; (ii) results from any misrepresentation or breach of representation or warranty of Franchisor contained herein; (iii) results from any breach of any covenant or agreement to be performed by Franchisor hereunder; (iv) results from the gross negligence or willful misconduct of Franchisor or its designee(s) (other than Franchisee and its Related Parties); or (v) results from the misuse or disclosure of Franchisee's Confidential Information, as more fully described in Article IX of this Agreement, by Franchisor or its employees, officers, directors, stockholders, contractors, agents, and their respective successors and assigns; provided that in any such case, (i) Franchisee provides Franchisor with prompt notice of any such claim, (ii) Franchisee permits Franchisor to assume and control the defense of such action, with counsel chosen by Franchisor, provided that Franchisee shall have the right to participate in the defense of such action at its own expense; and (iii) Franchisee does not enter into any settlement or compromise of any such claim without Franchisor's prior written consent. Franchisor will pay any and all costs, damages, and expenses (including but not limited to reasonable attorneys' fees and costs) awarded against or incurred by Franchisee and/or its Affiliates in any such action or proceeding attributable to any such claim.

13.2 By Franchisee. Franchisee agrees to indemnify and hold harmless Franchisor and its Related Parties against, and will defend or settle at Franchisee's expense, any action or other proceeding brought against Franchisor to the extent arising out of or in connection with the Franchised Business, except to the extent that Franchisee is entitled to indemnification pursuant to Section 13.1. This includes, without limitation, any claim that results from: (i) Franchisee's misrepresentation or breach of warranty, covenant or obligation contained in this Agreement;

(ii) the negligence, misconduct or intentional act of Franchisee or any third party employed or otherwise used by Franchisee in connection with this Agreement; or (iii) the misuse of disclosure of Franchisor's Confidential Information, as more fully described in Article IX of this Agreement, by Franchisee or its Related Parties to any third parties to whom Franchisee discloses Franchisor Confidential Information; provided that in any such case, (i) Franchisor provides Franchisee with prompt notice of any such claim, (ii) Franchisor permits Franchisee to assume and control the defense of such action, with counsel chosen by Franchisee, provided that Franchisor shall have the right to participate in the defense of such action at its own expense; and (iii) Franchisor does not enter into any settlement or compromise of any such claim without Franchisee's prior written consent. Franchisee will pay any and all costs, damages, and expenses (including reasonable attorneys' fees and costs) awarded against or incurred by Franchisor in any such action or proceedings attributable to any such claim.

13.3 No Warranties. EXCEPT AS SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY, AND EACH PARTY HEREBY SPECIFICALLY DISCLAIMS ANY, REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE PRODUCTS AND SERVICES CONTEMPLATED BY THIS AGREEMENT, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE, AND QUIET ENJOYMENT AND NON-INFRINGEMENT.

ARTICLE XIV

DISPUTE RESOLUTION AND CHOICE OF LAW

14.1 **Arbitration.** Except for controversies, disputes or claims related to or based on the Licensed Marks, the enforcement of covenants not to compete or if either party seeks temporary injunction, all controversies, disputes or claims between Franchisor, its members, officers, sales people, subsidiaries and affiliated companies and their shareholders, officers, directors, agents, employees and attorneys (in their respective capacity) and Franchisee (and its owners and guarantors, if applicable) arising out of or related to: (1) this Agreement or any other agreement between the parties or any provision of such agreements; (2) the relationship of the parties hereto; or (3) the validity of this Agreement or any other agreement between the parties or any provision of such agreements, shall be submitted for arbitration to the American Arbitration Association ("**AAA**"), on demand of either party. In connection with such arbitration:

(a) Unless otherwise agreed by the parties, such arbitration proceedings shall be conducted in the county and state in which Franchisor then maintains its principal place of business, and shall be heard by one arbitrator in accordance with the then-current Commercial Arbitration Rules of the AAA. Should AAA cease to exist during the term of this Agreement, Franchisor may designate a comparable third-party administrator of arbitrations.

(b) The arbitrator shall have the right to award or include in the award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, and attorneys' fees

and costs. The award and decision of the arbitrator shall be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. Each party waives any right to contest the validity or enforceability of such award.

(c) The parties further agree that, in connection with any such arbitration proceeding, each shall file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within thirty (30) days after the date of the filing of the claim to which it relates. This provision shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Franchisor and Franchisee agree that any arbitration shall be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisee shall not be consolidated with any other arbitration proceeding involving Franchisor and any other party. The foregoing provisions notwithstanding, if any court finds that the class action waiver contained in this Section 14.1 is unconscionable or otherwise unenforceable, then either party may require a dispute otherwise subject to this Section 14.1 to be decided by a court in accordance with the terms of this Agreement without first submitting the dispute to arbitration.

(d) **FOR ALL CLAIMS SUBJECT TO ARBITRATION HEREUNDER, FRANCHISOR, FRANCHISOR AFFILIATES, FRANCHISEE AND FRANCHISEE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY AND WILL NOT SEEK TO CONSOLIDATE ANY LEGAL ACTION WITH ANOTHER ACTION IN WHICH A JURY TRIAL CANNOT BE WAIVED.** This waiver is a material inducement for Franchisor to enter into this Agreement.

(e) All disputes to be arbitrated by Franchisor and Franchisee shall be governed by the Federal Arbitration Act (the "**FAA**") and no procedural arbitration issues are to be resolved pursuant to any state statutes, regulations or common law.

14.2 Governing Law. Except to the extent governed by the FAA, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of Maryland, and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of Maryland, which laws shall prevail in the event of any conflict of law.

14.3 Injunctive Relief. Notwithstanding the above arbitration provision, Franchisor and Franchisee will each have the right in a proper case to obtain preliminary injunctive relief from a court of competent jurisdiction. Any such action will be brought as provided in Section 14.5, below, and the prevailing party shall be entitled to its costs and attorneys' fees.

14.4 Consent to Jurisdiction. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee, its officers, directors, managers or partners (collectively, "**Franchisee Affiliates**") and Franchisor, its officers, directors, sales employees, shareholders, agents, employees, subsidiaries and affiliated companies and their respective officers, directors, shareholders, agents and employees, or any of the foregoing (collectively, "**Franchisor**

Affiliates"), the parties agree that, **unless the claim is covered by the arbitration provisions in Sections 14.1 above**, the venue for any judicial proceedings between them shall be in the federal courts hearing cases from the state and county in which Franchisor then maintains its principal place of business, unless such courts do not have subject matter jurisdiction over such dispute, in which case the court dispute shall be the state court of general jurisdiction located in the county in which Franchisor maintains its principal place of business. Each party waives any objection they may have to the personal jurisdiction of or venue in such federal or state court, as applicable.

14.6 WAIVER OF JURY TRIAL. FRANCHISOR, FRANCHISOR AFFILIATES, FRANCHISEE AND FRANCHISEE AFFILIATES EACH WAIVE THEIR RIGHTS TO A TRIAL BY JURY AND WILL NOT SEEK TO CONSOLIDATE ANY LEGAL ACTION WITH ANOTHER ACTION IN WHICH A JURY TRIAL CANNOT BE WAIVED. This waiver is a material inducement for Franchisor to enter into this Agreement.

14.7 Class Actions Prohibited. Franchisor and Franchisee agree that all legal proceedings between the parties and/or any of their Related Parties will be conducted on an individual, not a class-wide, basis and that any legal proceedings between Franchisor and Franchisee and/or any of their Related Parties will not be consolidated with any other proceeding involving Franchisor and any other party.

ARTICLE XV

MISCELLANEOUS

15.1 Further Assurances. The parties agree to execute, acknowledge, and deliver all such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the intent and purposes of this Agreement.

15.2 Notices. All notices, requests, consents, reports, and demands shall be in writing and shall be hand delivered; sent by facsimile or other electronic medium; mailed, postage prepaid; or sent by reputable overnight courier, delivery charges prepaid, to the parties at the address set forth in the preamble hereof or to such other address as may be furnished in writing to the other parties hereto. All such notices and communications shall be deemed to have been duly given ten (10) business days after being deposited in the mail, postage prepaid, if mailed; one (1) business day after being sent by overnight courier, delivery charges prepaid, if sent by overnight courier; when receipt acknowledged, if sent by facsimile or other electronic medium; and upon receipt, if delivered by hand.

15.3 Entire Agreement; Amendment. This Agreement, together with all exhibits attached hereto, is the entire understanding of the parties with respect to the subject matter hereof and merges all prior communications, understandings, and agreements, whether written or oral; provided, however, that nothing in this Agreement is intended to disclaim the representations made in the Franchise Disclosure Document provided by Franchisor to Franchisee in connection with this franchise. The parties acknowledge that Exhibits 1 through 11 attached hereto are incorporated herein by reference but that this Agreement shall control in the event of any

conflict between the terms of this Agreement and any Exhibit attached hereto, except that the provisions of any applicable state addendum in Exhibit 11 will prevail over the terms of this Agreement. Except as otherwise specifically provided for herein, this Agreement shall not be modified except by a subsequently dated written amendment to this Agreement, signed on behalf of both parties by their duly authorized representatives. The foregoing sentence shall not preclude Franchisor from unilaterally altering the Manual and requiring Franchisee's compliance with new or changed provisions therein.

15.4 Waiver. No term or provision hereof shall be deemed waived, and no breach consented to or excused, unless such waiver, consent, or excuse is in writing and signed by the party claimed to have waived, consented, or excused. Should either party waive, consent, or excuse a breach by the other party, such shall not constitute the waiver of, consent to, or excuse of any other different or subsequent breach whether or not of the same kind as the original breach.

15.6 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law or public policy or otherwise unenforceable, the remaining provisions shall remain in full force and effect; the invalid provision shall remain in force as reformed by the court.

15.7 Relationship of Parties. Nothing in this Agreement will be interpreted or construed to create any relationship between the parties other than that of independent contracting entities. Neither party will be authorized to obligate or to bind, in any manner, the other party or to act in the name of the other party. In addition, neither party will represent to third parties that any joint venture or other relationship involving joint liability has been created pursuant to the terms of this Agreement.

15.8 Force Majeure. Neither party shall be responsible for any delay or failure in performance resulting from acts beyond their control, such as an act of God, an act of war, a riot, an explosion, an epidemic, fire, flood, or other disaster, an act of government, and strike or lockout (a "Force Majeure Event"). However, a party shall only be excused from performance due to a Force Majeure Event if that party: (a) has promptly notified the other parties in writing of the nature and extent of the Force Majeure Event causing its failure or delay in performance; (b) could not have avoided the effect of the Force Majeure Event by taking precautions which, having regard to all the matters known to it before the Force Majeure Event, it ought reasonably to have taken, but did not; and (c) has made all reasonable efforts to mitigate the effect of the Force Majeure Event so as to resume the performance of its obligations as soon as reasonably possible. If the Force Majeure Event prevails for a continuous period of more than six months, then either party may terminate this agreement by giving the other party at least thirty (30) days' notice and an explanation of the reason for the termination. Such termination shall be without prejudice to the rights of the parties in respect of any breach of this agreement occurring prior to such termination.

15.9 Attorneys' Fees. If any action, suit or other proceeding is instituted concerning or arising out of this Agreement, the prevailing party shall recover all of such party's reasonable and documented out of pocket costs and attorneys' fees incurred in each and every such action,

suit or other proceeding, including any and all appeals or petitions there from.

15.10 Headings. Headings used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

15.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

ARTICLE XVI

RELEASE OF CLAIMS FOR SUCCESSOR AGREEMENTS

If this Agreement is being executed as a "renewal" or successor agreement to a prior franchise agreement between the same parties or their Related Parties (the "Prior Agreement"), then the following provisions apply: Except with regard to any indemnity rights with regard to third parties' claims as granted by the Prior Agreement or under common law, Franchisee and each of its Related Parties hereby release and forever discharge Franchisor, each of its affiliates and each of their officers, directors, agents, and employees (collectively, the "**Franchisor Parties**") from any and all claims, demands, liabilities, and causes of action of whatever kind or nature, vested or contingent, known or unknown, suspected or unsuspected, which Franchisee and each of its Related Parties now own or hold, or have at any time heretofore owned or held, or may at any time own or hold against any of the Franchisor Parties (including its predecessors) arising prior to and including the effective date of this termination and release. Franchisee and each of its Related Parties represent and warrant their awareness that they may in the future learn of facts in addition to or different from those which they now know or believe to be true with respect to the subject matter of this Section 16.1, but nonetheless intend to fully, finally, and forever settle and release any and all legal claims that each might possibly have asserted against the Franchisor Parties for actions and occurrences occurring up to or on the effective date of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal in duplicate originals as of the date first written above.

FRANCHISEE:	**FRANCHISOR:**
By:___	By:_____
Printed Name:_____	Printed Name:_____
Title: _	Title:_____
Company Name:_____	The SailTime Group, LLC
Date:_	Date:_____

Exhibit 1

Licensed Marks, Watercraft Offerings and Initial Franchise Fee

Franchisee is licensed to operate a Base offering the following type(s) of vessels using the Licensed Marks associated with the same:

CHECK ONE:		
_____	SailTime	$25,000
_____	PowerTime	$25,000
_____	SailTime and PowerTime	$35,000

Exhibit 2

Licensed Products

1. Embark® Software Program
2. Brand-specific Website (**www.sailtime.com** **and/or** **www.powertimeboating.com**) name and content
3. www.sailtime.com/[yourcity] and/or www.powertimeboating.com/[yourcity] (e.g., www.sailtime.com/annapolis)

Exhibit 3

Business Content

1. Operating Manual (digital access only)
2. Brochures and mailers
3. Banners
4. Business Cards
5. Membership and Boat Management Agreement templates
6. Web content
    a. Web hosting service
    b. Web hosting Service level agreement
    c. Web content development
    d. Base Owner Portal
7. Operational standards:
    a. Regular maintenance
    b. Vessel Equipment and inventory
    c. Quality Survey
    d. Check-in Check-out form
    e. Zero to 360 Process
8. Marketing plans
9. Financial Plan
    a. Financial Model Owner Member
    b. Financial Model Franchisee
10. All other materials relating to the execution of the Watercraft Shared Usage Business model for the Licensed Marks

Exhibit 4

The SailTime Group Help Desk Plan and Service Level Agreement

This Help Desk Plan and Service Level Agreement (the "**Agreement**") is entered into this _____ day of _____, 20____ by The SailTime Group, LLC ("**Franchisor**") and _____, an individual/corporation/ limited liability company/partnership with a principal address of _____ _____ ("**Franchisee**").

1. Definitions.

"**Bug**" is defined in this agreement by (1) the SailTime boat Time-Share scheduling software or the E-ttendant system is not operating according to the latest SailTime Operating Manual or (2) the website at www.sailtime.com has broken links or is not able to load and creates an instance where Franchisee and/or its members are not able to utilize the system for its intended purpose of managing the schedule for each boat.

"**Franchise Agreement**" means the franchise agreement between Franchisor and Franchisee executed concurrently with this Agreement.

"**Service Outage**" is defined as an issue or item that disrupts service for Franchisee and all its members and has a detrimental impact on the ability of members and Franchisee to access the site and transact business in any way. A complete inability to access the website as a result of software related issues or hosting problems. This is an item that must be addressed with an action plan created within forty-eight (48) hours.

"**System**" shall include the website at www.sailtime.com, the SailTime Scheduler, and the E-ttendant applications/Embark.

"**Uptime**" shall mean all time that the website, scheduling engine, scheduling interface and the E-ttendant / Embark interface are available and functional as intended.

2. Bug Remedy Plan

2.1 Reporting. Franchisee shall report all Bugs to Franchisor via the use of the Help desk support system that has been made available via a link provided in the Base Owners private login area of the SailTime website. The system has been designed to provide for a single sign on to eliminate the need for users to sign in to multiple systems. This system allows for Franchisee to submit issues with

attachments and screen shots so that as much detail can be provided to assist in the resolution of the technical matter at hand. These issues are logged, tracked and communicated via the Help desk system. Franchisees have the ability to review and update all Help desk tickets submitted at any time that is convenient.

2.2 Categorization. Each Bug will be categorized according to its severity into one of four categories:

(a) Low priority: Franchisee's members experience no visibility to the Bug. Operations can continue normally but Franchisee experiences the need to do extra functions to cover the Bug. Example, Franchisee cannot gain admin login to the website and needs to ask Franchisor to perform admin function.

(b) Medium priority: Franchisee's members or prospects have visibility to the Bug. Although business is able to continue, Franchisee and/or members experience the need to do extra functions to cover the Bug. Example, E-ttendant is down.

(c) High priority: Franchisee experiences an adverse effect on business. Members are complaining or prospects are commenting. Example, Scheduler is not-functioning according to its intended purpose.

(d) Critical Priority: Franchisee is directly losing business. Members are unable to schedule sailing slots or prospects are not joining due to the Bug. Example, Scheduler or website is down.

Each Bug will also be categorized into the function that it affects.

(1) Website excluding the member login area.
(2) Scheduler
(3) E-ttendant

2.3 Franchisor's Obligations. Upon receiving the Bug notification from Franchisee, Franchisor will reply within forty-eight (48) hours with an acknowledgement of receipt and a quick analysis of the Bug including an opinion on the severity and affected functionality. A request for further information may also be made.

Serious attempts to remedy the Bug will be taken as fast as practically possible by Franchisor. If the Bug is not fixed within forty-eight (48) hours, Franchisor will provide to Franchisee an estimate of the time to remedy the Bug. If the Bug is not fixed within ten (10) days of initial receipt of notice, Franchisor will provide to Franchisee a detailed plan on how the Bug will be fixed within the following five (5) days.

3. Service Level Agreement

3.1 Access to Website. Franchisor and Franchisee agree that access to the Franchisee portion of the SailTime website (the "**Website**") has been provided, and that access to this portion of the Website will not be restricted in any way provided that Franchisee is in good standing as defined in the Franchise Agreement. The provision of this access will be provided, at a minimum, commencing on the date of execution of the Franchise Agreement.

3.2 Website Availability. Access to the Website is guaranteed as a flow down from Franchisor's hosting company. Franchisor provides the same guarantee that it is provided by the hosting company.

Subject to the terms of this Section 3.2 and Section 3.3, below, Franchisor guarantees that the System will be available ninety-six and a seventh percent (96.7%) of the time in a given month (i.e. a maximum of twenty-four (24) hours downtime per month) (the "**Service Availability**"). This guarantee does not include functionality of server software and services nor downtime resulting from scheduled maintenance. If network downtime exceeds the guaranteed Uptime, Franchisor shall refund to Franchisee five percent (5%) of Franchisee's Ongoing Fees (as that term is defined in the Franchise Agreement) for every additional 24-hour period of downtime, up to a maximum of one hundred percent (100%) of Franchisee's monthly ongoing fees.

3.3 Exclusions. Franchisor shall not be responsible for outages or circumstances beyond Franchisor's control that hinder access to the Website or the server. The following are excluded from the monthly calculation of Service Availability or Uptime:

(a) traffic conditions on the Internet or world wide web;

(b) ISP or local problems such as Browser or DNS caching;

(c) DDoS, Attacks, Exploits or hacked servers;

(d) outages from an upstream facility outside of Franchisor's control;

(e) interruptions or failures of individual service caused by Franchisor's hosting company, it agents, representatives, employees or clients;

(f) inaccurate installation or configuration of software by Franchisor's hosting company or, third party software, or over utilization of resources;

(g) circumstances beyond Franchisor's reasonable control, including, without limitation, acts of any governmental body, acts of God, war, terrorism, insurrection, sabotage, armed conflict, embargo, fire, flood, strike or other labor disturbance, interruption of or delay in transportation, unavailability of or interruption or delay in

telecommunications or third party services, virus attacks or hackers, failure of third party software (including, without limitation, ecommerce software, payment gateways, chat, statistics or free scripts) or inability to obtain raw materials, supplies, or power used in or equipment needed for provision of Franchisor's obligations under this Agreement;

(h) scheduled maintenance and emergency maintenance and upgrades;

(i) DNS issues outside the direct control of Franchisor;

(j) Franchisee's issues with FTP, POP, or SMTP access;

(k) acts or omissions of Franchisee, its employees, agents or representatives, including, without limitation, custom scripting or coding (e.g., CGI, Perl, HTML, ASP, etc.), negligence, willful misconduct, and use of the System in breach of Franchisor's Terms and Conditions and Acceptable Use Policy; or

(l) outages elsewhere on the Internet that hinder access to Franchisee's account. Franchisor is not responsible for errors in Franchisee's browser that may make the Website appear inaccessible when others can still access it. Franchisee will guarantee only those areas considered under the control of Franchisor, including, exclusively, Franchisor's server links to the Internet, Franchisor's routers, and Franchisor's servers.

3.4 Hardware, Equipment and Software. Franchisee is responsible for and must provide all telephone, computer, hardware and software equipment and services necessary so that Franchisor maintains access with Franchisee. Franchisor makes no representations, warranties, or assurances that Franchisee's equipment will be compatible with Franchisor's service.

3.5 Compliance with Law. Franchisee promises to comply with all applicable state and federal laws in Franchisee's use and operation of the Website, including laws governing technology, software and trade secrets.

3.6 Disclaimer of Warranties. EXCEPT FOR THE EXPRESS WARRANTIES CONTAINED ABOVE, FRANCHISOR MAKES NO WARRANTY RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT, AND ALL SERVICES ARE PROVIDED ON AN "AS-IS" BASIS, WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR OF NON-INFRINGEMENT.

3.7 Activities Subject to Immediate Deactivation. Franchisor may immediately deactivate Franchisee's access to the Website if Franchisee uses the Website for Illegal, Abusive or Unethical Activity without warning to Franchisee.

Illegal, Abusive or Unethical Activities include, but are not limited to, pornography, obscenity, nudity, violations of privacy, hacking, computer virus, gambling, or promotion of gambling, and any harassing or harmful materials or uses, as determined by Franchisor. Franchisee agrees to indemnify and hold Franchisor harmless from any claim resulting from Franchisee's publications or use of Illegal, Abusive or Unethical materials. Although Franchisor will make reasonable efforts to alert Franchisee to such activities and allow Franchisee an opportunity to cure them within a 12-hour period after discovery, Franchisor is not required to give notice before deactivating Franchisee's use of the Website if, in Franchisor's discretion, Franchisee use is or results in Illegal, Abusive or Unethical activities.

3.8 Response Method and Mean Response Time. In the event that a trouble ticket is required, Franchisor shall, upon demand, provide updates to Franchisee on each open issue. Each issue will be handled separately and will not be combined with another open issue unless related to the open issue. See Section 2.3, above, for response times to specific Bug types.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal in duplicate originals as of the date first written above.

FRANCHISEE:	**FRANCHISOR:**
By:___	By:_____
Printed Name:_____	Printed Name:_____
Title: _	Title:_____
Company Name:_____	The SailTime Group, LLC
Date:_	Date:_____

EXHIBIT 5
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS (the "**Guaranty**") is given this _____ day of _____, 20_____, by _____ _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement executed concurrently with this Guaranty (the "**Agreement**") by The SailTime Group, LLC ("**Franchisor**"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("**Franchisee**") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned will be personally bound by each and every provision of the Agreement as if the undersigned were substituted for the Franchisee therein, and will be personally liable for each and every breach of the Agreement, including, without limitation, those relating to monetary obligations, and obligations to take or refrain from taking specific actions or engaging in specific activities, including, without limitation, those contemplated by Sections 8, 9, 11, 12, and 14 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty will be joint and several; (b) it will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) its liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (d) its liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
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_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____
_____
_____
_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE:_____%

Exhibit 6

NONDISCLOSURE, NON-COMPETITION AND NON-SOLICITATION AGREEMENT

This "**Agreement**" made as of the _____ day of _____, 20____, by and between _____, ("**Franchisee**") (d/b/a SailTime) and _____ ("**Individual**").

W I T N E S S E T H:

WHEREAS, Franchisee is a party to a franchise agreement with The SailTime Group, LLC ("**Franchisor**") for operation of a business that offers customers the ability to share use of a particular sailboat with other customers (a "**Watercraft Shared Usage Business**") under the name "SailTime" in conjunction with Franchisee's existing sailing enterprises; and

WHEREAS, as a result of Individual's relationship with Franchisee, Individual may have access to and/or to review certain Confidential Information, which is more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Confidential Information; and

WHEREAS, Individual agrees not to disclose any such Confidential Information to any other party and/or use such Confidential Information to compete against Franchisor, Franchisee or any other franchisee of Franchisor in the same and/or a similar business, now or in the future, as prescribed and limited by this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Confidential Information

"**Confidential Information**" means information of either Franchisor or Franchisee that is not generally known and includes, without limitation, trade secrets, business plans, business strategies, marketing plans, contracts, customer lists, customers' contact and personal financial information, price lists, cost information, information about employees, process descriptions, and Business Content and Know-How. Confidential Information may be written, graphic, machine

readable, oral, expressed in electronic media or otherwise disclosed, and may be tangible or intangible. However, if Confidential Information is disclosed orally, the Disclosing Party will, within thirty (30) days after disclosure, provide the Receiving Party with a written document describing and enumerating the information that it considers to be "Confidential Information."

2. Confidentiality/Non-Disclosure

(a) Except to the extent necessary to perform his or her duties to Franchisee, and as expressly authorized for that purpose, Individual agrees not use for the benefit of himself or herself or to communicate or divulge to any other person, firm, association, or corporation, now or at any time in the future, any Confidential Information possessed, owned, or used by Franchisee, the discovery, development or knowledge of which is known to or acquired by Individual by reason of his or her meeting with and/or participation in the business and affairs of Franchisee, as a result of his or her association with Franchisee, or which may be revealed to him or her by Franchisee.

(b) Individual will receive access to SailTime's Scheduler and Embark computer software programs, as well as password-protected versions of www.sailtime.com, and Individual agrees not to attempt to reverse-engineer or copy any portions of those computer programs in any manner.

(c) Individual agrees that his or her obligations under paragraph 2(a) and 2(b) of this Agreement will continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any other party to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in Franchisee's SailTime® business.

3. Non-Competition

(a) Individual agrees that, at all times while he or she has access to the Confidential Information, and for a period of twenty-four (24) months following the earlier of (i) termination of the Franchise Agreement, or (ii) termination of Individual's relationship with Franchisee by which Individual obtained access to any such Confidential Information, Individual will not, on his own behalf or on behalf of any other person, firm, or company, as either an employee, independent contractor, consultant, partner, or proprietor, render any services similar to those he provided to Franchisee that enable operation of a Watercraft Shared Usage

Business that operates anywhere within twenty (20) miles of any marina where Franchisee docked Shared Usage Watercraft at any time during the term of the Franchise Agreement, or provide such services to a business that grants franchises or licenses authorizing others to operate a Watercraft Shared Usage Business anywhere within the United States of America. A business which charges for the use of a watercraft vessel on a per-use basis is not considered a Watercraft Shared Usage Business.

(b) For a period of twenty-four (24) months following the earlier of (i) termination of the Franchise Agreement, or (ii) termination of Individual's relationship with Franchisee by which Individual obtained access to any such Confidential Information, Individual will not, in any capacity whatsoever, on its own behalf or on behalf of any other person, firm, or company, directly or indirectly render any services similar to, or become involved in any way, in providing Watercraft Shared Usage services or in any other products or services competitive with those offered by SailTime® businesses to anyone who was at any time a member of the SailTime Base operated by Franchisee.

4. Non-solicitation

Individual covenants that during the Individual's business association with Franchisee, and for a period of twenty-four (24) months after that association ends (regardless of cause), Individual will not, either directly or indirectly, for itself or through, on behalf of or in conjunction with any person, persons, partners, or corporation: (i) solicit, encourage, or induce (or attempt to solicit, encourage, or induce) any client, customer, supplier, business partner, technology partner, contractor, subcontractor, licensor, licensee, landlord, lessor, or other person with whom Franchisee or Franchisor has a business relationship to cease doing business with (or alter or reduce its business relationship with) Franchisee or with Franchisor, or (ii) solicit, encourage, or induce (or attempt to solicit, encourage, or induce) any employee or service contractor of Franchisee, Franchisor or any other SailTime® franchisee to leave the employ or service of Franchisor, or in any way interfere with the relationship between Franchisee and its respective employees and/or service contractors; provided that the foregoing shall not restrict Individual's ability to participate lawfully in the business and operations of Franchisee.

5. Miscellaneous

(a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

(b) Individual agrees to reimburse Franchisee for any and all costs and attorney fees incurred by Franchisee in the enforcement of the terms of this Agreement.

(c) This Agreement will be effective as of the date this Agreement is executed and will be binding upon the successors and assigns of Individual and will inure to the benefit of Franchisee, its subsidiaries, successors and assigns. **Franchisor is an intended third-party beneficiary of this Agreement with the independent right to enforce its provisions against Individual in order to protect the goodwill of the SailTime trademarks and business system.**

(d) The failure of either party to insist in any one (1) or more instances upon performance of any terms and conditions of this Agreement will not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto will continue in full force and effect.

(e) The paragraph headings in this Agreement are included solely for convenience and will not affect, or be used in connection with, the interpretation of this Agreement.

(f) In the event that any part of this Agreement is held to be unenforceable or invalid, the remaining parts hereof will nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written. **FRANCHISEE WILL CAUSE A COPY OF THIS AGREEMENT AS EXECUTED BY THE PARTIES TO BE DELIVERED TO FRANCHISOR IMMEDIATELY FOLLOWING ITS EXECUTION.**

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

[*Signature Page Follows*]

WITNESS:

_____

Name: _____

INDIVIDUAL:

_____

Name:_____

Mailing Address:_____

_____

WITNESS:

_____

Name: _____

FRANCHISEE:

By: _____

Name:_____

ACKNOWLEDGEMENT OF RECEIPT:

THE SAILTIME GROUP, LLC

By: _____

Name: _____

Date: _____

Exhibit 7

TERRITORY

The following is the definition of the Territory pursuant to Section 1.23. This definition is subject to reduction if Franchisee fails to fulfill its Minimum Performance Obligations and Franchisor exercises its rights under Section 11.5.

Territory Description:

_____
_____
_____
_____.

Map (as required):

(for demonstrative purposes only)

Exhibit 8

TERMINATION AND RELEASE AGREEMENT

THIS TERMINATION AND RELEASE AGREEMENT is made and entered into this ____ day of _____, 20____ by and between The SailTime Group, LLC ("SailTime"), a Maryland limited liability company and _____, an individual/corporation/ limited liability company/partnership with a principal address of _____ _____ ("**Franchisee**"), in consideration of:

_____ SailTime's consent to Franchisee's assignment of its rights and duties under the Franchise Agreement or to Franchisee's owners' assignment of their ownership interests in Franchisee; or

_____ Franchisee's exercise of an Early Termination Option or the Exit Option (non-renewal) as those terms are defined in the Franchise Agreement.

_____ Termination of the Franchise Agreement for (insert reason for termination).

The parties hereby agree as follows:

1. Termination of the Franchise Agreement. The Franchise Agreement is hereby fully and finally terminated, and all rights granted to and obligations undertaken by SailTime and Franchisee under the Franchise Agreement are hereby terminated forever as of the Effective Date hereof, except as specifically referenced in Section 2 below.

2. Rights and Obligations of Franchisee and the Guarantors After Termination.

2.1 As of the effective date of this Termination and Release, neither Franchisee nor any of its owners (each of whom Franchisee warrants has executed this Agreement and is defined as a "Guarantor")) will use, in any manner whatsoever: any confidential methods, materials, procedures, or techniques associated with the System; the Marks, or any other trademarks or service marks owned by SailTime or confusingly similar to any trademarks or service marks owned by SailTime; or distinctive forms, slogans, signs, symbols, or devices associated with the System, and will refrain from all use of the same in the future unless SailTime subsequently and explicitly authorizes such use in writing.

2.2 Franchisee and each Guarantor will comply with all covenants in the Franchise Agreement that, by their terms, survive termination of that Agreement following an approved transfer, including the provisions relating to confidentiality, non-solicitation, non-competition, and indemnification of Franchisor for claims arising from operation of the Franchised Business prior to the Effective Date of this agreement.

2.3 If this Agreement is executed in connection with a transfer and Franchisee or a Guarantor is accepting as a promissory note from the transferee, then the party accepting the promissory note shall not be released from liability for that party's obligations under the Franchise Agreement or guaranty thereof (as applicable) until the transferee has fully satisfied all obligations under that promissory note.

2.4 Franchisee and each Guarantor will be liable to SailTime for all damages, costs, and expenses, including reasonable attorneys' fees, incurred by SailTime if SailTime must seek injunctive or other relief in order to enforce any provision of this Termination and Release.

3. Release of Claims. Franchisee and each Guarantor each hereby releases and forever discharges SailTime and each of its affiliate companies, officers, directors, agents, and employees (collectively, the "**SailTime Parties**") from any and all claims, demands, liabilities, and causes of action of whatever kind or nature, vested or contingent, known or unknown, suspected or unsuspected, which Franchisee now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against any of the SailTime Parties arising prior to and including the effective date of this Termination and Release, whether arising from the Franchise Agreement or otherwise. Franchisee and Guarantor each represent and warrant its or his awareness that it or he may in the future learn of facts in addition to or different from those which its representatives or he now knows or believes to be true with respect to the subject matter of this Section 3, but that nonetheless, it is the intention of Franchisee and Guarantor to fully, finally, and forever settle and release any and all legal claims that it or he might possibly have asserted against each of the SailTime Parties for actions and occurrences occurring up to or on the effective date of this Termination and Release.

4. Effect. This Termination and Release is binding upon Franchisee, SailTime, corporate officers and directors of SailTime, and upon each of the forenamed parties' legal representatives, successors, and assigns, and shall inure to the benefit of the respective parties hereto.

5. Mutual Representations and Warranties. Each party warrants that:

5.1 The execution of this Termination and Release does not violate any other agreement to which either of them is a party;

5.2 It has read and understand this Termination and Release in its entirety, has been afforded ample time and opportunity to consult with counsel regarding the potential benefits and risks of entering into this Termination and Release, and is legally competent on the date on which it has executed this Termination and Release; and

5.3 This Termination and Release will not be binding on any party until it is executed by all parties.

THE FOREGOING TERMS ARE AGREED TO AND ACCEPTED.

FRANCHISEE:_____

(type/print name)

By: _____

Name: _____

Title: _____

GUARANTOR:

Signed: _____

Name printed: _____

ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)

Notary Public
My Commission expires:

THE FOREGOING TERMS ARE AGREED TO AND ACCEPTED

THE SAILTIME GROUP, LLC

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT

State of _____)
) ss
County of_____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)

Notary Public
My Commission expires:

Exhibit 9
Franchisee's Insurance Commitment

Adequate insurance coverage is a prerequisite to opening the Franchise Business to the public and continuing its operation. Each Franchisee must maintain the required coverage continuously during the term of its franchise agreement. SailTime reserves the right to modify insurance requirements periodically and the Franchisee is required to meet these new requirements within sixty (60) days from receipt of Franchisor's revised insurance requirements.

Such policy or policies must be written by an insurance company rated by A.M. Best insurance ratings service as being Class A or better for financial strength and in Class IX (or "9") or higher in financial size, and must otherwise be in accordance with standards and specifications set forth in this Manual or otherwise in writing by SailTime.
Key requirements for each of Franchisee's liability insurance policies as described below are that it:

- names as additional insured parties The SailTime Group, LLC and its officers, directors, contractors/employees, agents and partners;
- contains Primary and Noncontributory and Waiver of Subrogation endorsements in favor of The SailTime Group, LLC and its officers, directors, contractors/employees, agents and partners; and
- requires that the insurer provide The SailTime Group, LLC with copies of all notices of material alteration, termination, cancellation, non-renewal or coverage reduction or elimination.

Franchisor's current requirements for types of insurance and minimum dollar limits of coverage are stated below. Through changes to the Operations Manual, Franchisor may at any time add, remove or modify the required types of insurance, or increase the minimum dollar limits of coverage for existing coverages.

- Each vessel in the Base's Fleet must be insured with Protection & Indemnity, including coverage under the Jones Act, with a limit of not less than $1,000,000 per occurrence, as well as Uninsured Boater coverage with a limit of not less than $300,000 per occurrence and Hull Coverage for the Agreed Value of Hull.
- Franchisee must maintain a commercial general liability (CGL) policy (general business insurance) with limits of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate for the insured year.
- Employer's Liability, Worker's Compensation and Occupational Disease insurance: If Franchisee employs staff it is required to obtain Employer's Liability with a limit of $100,000 in Worker's Compensation insurance and Occupational Disease insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchisee operates the franchised business.

Prior to providing the services licensed under this agreement or opening for the SailTime base for business, Franchisee must provide proof of insurance by delivering to Franchisor certificates of insurance evidencing the proper coverage with limits not less than those required hereunder, and thereafter at least thirty (30) days prior to the expiration of any such policy or policies. **Franchisee has attached hereto its Certificate of Insurance applicable to its first year (or shorter period) of operating the Franchised Business**.

Franchisee hereby acknowledges that it must satisfy the insurance requirements as summarized on this page and as detailed in the Manual, and represents that the Certificate of Insurance attached hereto is authentic and that Franchisee is insured at the levels required by the Franchise Agreement.

WITNESS: **FRANCHISEE: [COMPANY NAME HERE]**

_____ By: _____

Name: _____ Name: _____

Date:_____

EXHIBIT 10

STATE SPECIFIC ADDENDA

(*only include addendum applicable to a state where the Territory is located*)

STATE OF CALIFORNIA

ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to THE SAILTIME GROUP, LLC Franchise Agreement is agreed to this _____ day of _____, 20____, between THE SAILTIME GROUP, LLC and _____ ("**Franchisee**") to amend and revise said Franchise Agreement as follows:

1. In recognition of the requirements of the California Franchise Investment Law §§ 31000 through 31516, the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, and Section 310.114.1 of the California Administrative Code (Title 10, Chapter 3, Subchapter 2.6), the Franchise Agreement shall be amended as follows:

- The franchise agreement requires binding arbitration. The arbitration will occur in the city where The SailTime Group, LLC's headquarters are located at the time the arbitration demand is filed, with costs to be borne by the non-prevailing party.

- California Business and Professional code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control

- The franchise agreement requires application of the laws of Maryland. This provision may not be enforceable under California law.

- Franchisee must sign a general release if Franchisee renews or transfers its franchise. California Corporations Code 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

- If the Base is within the State of California, the post-termination non-competition covenant in Section 12.2 will apply to restrict Franchisee's competitive rights only outside of the State of California.

- The SailTime Group, LLC and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

- Section 11.3(a)(iii) of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

2. Section 12.2 is deleted from the Franchise Agreement.

3. Section 12.4 is revised to require signing of the attached Non-Disclosure and Non-Solicitation Agreement by Franchisee's Related Party, the Designated Manager, each of their spouses, and all employees with access to Confidential Information, without non-

competition.

4. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under the applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

FRANCHISOR: FRANCHISEE:

The SailTime Group, LLC

By: _____

_____
Franchisee Signature

_____
Franchisee (print name)

_____
Franchisee Signature

_____
Franchisee Print Name

(California specific version)

NONDISCLOSURE AND NON-SOLICITATION AGREEMENT

This "**Agreement**" made as of the _____ day of _____, 20___, by and between _____d/b/a SailTime ("**Franchisee**") and _____ ("**Individual**").

W I T N E S S E T H:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____ ("**Franchise Agreement**") with The SailTime Group, LLC ("**Franchisor**"); and

WHEREAS, as a result of Individual's relationship with Franchisee, Individual may have access to and/or to review certain Confidential Information, which is more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Confidential Information; and

WHEREAS, Individual agrees not to disclose any such Confidential Information to any other party and/or use such Confidential Information to solicit the customers of Franchisor, Franchisee or any other franchisee of Franchisor now or in the future, as prescribed and limited by this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Confidential Information

"**Confidential Information**" means information of either Franchisor or Franchisee that is not generally known and includes, without limitation, trade secrets, business plans, business strategies, marketing plans, contracts, customer lists, price lists, cost information, information about employees, process descriptions, and Business Content and Know-How. Confidential Information may be written, graphic, machine readable, oral, expressed in electronic media or otherwise disclosed, and may be tangible or intangible. However, in order for information to be regarded as Confidential Information for the purposes of this Franchise Agreement, such information must be embodied in documentary form and conspicuously marked "CONFIDENTIAL" or "Proprietary" or in some other

manner to indicate its confidential nature. If Confidential Information is disclosed orally, the Disclosing Party will, within 30 days after disclosure, provide the Receiving Party with a written document describing and enumerating the information that it considers to be "Confidential Information."

2. Confidentiality/Non-Disclosure

a) Individual agrees not to communicate or divulge to, (or use for the benefit of himself or herself), any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Confidential Information possessed, owned, or used by Franchisee, the discovery, development or knowledge of which is known to or acquired by Individual by reason of his or her meeting with and/or participation in the business and affairs of Franchisee, as a result of his or her association with Franchisee, or which may be revealed to him or her by Franchisee.

b) Individual will receive access to SailTime's Scheduler and Embark computer software programs, as well as password-protected versions of www.sailtime.com, and Individual agrees not to attempt to reverse-engineer or copy any portions of those computer programs in any manner.

c) Individual agrees that his or her obligations under paragraph 2(a) and 2(b) of this Agreement will continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in Franchisee's SailTime® business.

3. Non-Solicitation

(a) To the extent permitted by applicable law, Individual agrees that, at all times while he or she has access to the Confidential Information, and for a period of twenty-four (24) months following the earlier of (i) termination of the Franchise Agreement, or (ii) termination of Individual's relationship with Franchisee by which Individual obtained access to any such Confidential Information, Individual will not knowingly, in any capacity whatsoever, on its own behalf or on behalf of any other person, firm, or company, directly or indirectly solicit the business of any person that has been a customer of Franchisee or any of Franchisor's other franchisees during the 12 month period prior to said terminating event, for the purpose of inducing that person to become a member of an

alternative fractional use sailing or boating organization or to allow his or her boat to be managed by an alternative fractional use sailing or boating organization. However, if the Franchise Agreement is terminated during the first twelve (12) months following execution of this Agreement, the foregoing restriction will not apply to customers of Franchisee that had a business or customer relationship with Franchisee's parent company or affiliates prior to the date of this Agreement. Individual also promises, during the same 24 month period following the terminating event, not to knowingly contact or solicit any of Franchisor's other franchisees for purposes of beginning or joining an alternative fractional use sailing or boating organization.

(b) Individual acknowledges that the non-solicitation requirement will not materially impact Individual's ability to engage in a lawful profession, trade, or business of any kind.

4. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Individual agrees to reimburse Franchisee for any and all costs and attorney fees incurred by Franchisee in the enforcement of the terms of this Agreement.

c) This Agreement will be effective as of the date this Agreement is executed and will be binding upon the successors and assigns of Individual and will inure to the benefit of Franchisee, its subsidiaries, successors and assigns. **Franchisor is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.**

d) The failure of either party to insist in any one (1) or more instances upon performance of any terms and conditions of this Agreement will not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto will continue in full force and effect.

e) The paragraph headings in this Agreement are included solely for convenience and will not affect, or be used in connection with, the

interpretation of this Agreement.

f) In the event that any part of this Agreement is held to be unenforceable or invalid, the remaining parts hereof will nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written. **FRANCHISEE WILL CAUSE A COPY OF THIS AGREEMENT AS EXECUTED BY THE PARTIES TO BE DELIVERED TO FRANCHISOR IMMEDIATELY FOLLOWING ITS EXECUTION.**

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

[Signatures appear on the following page.]

WITNESS: **INDIVIDUAL:**

_____ _____

Name: _____ Name: _____

Mailing Address: _____

WITNESS: **[FRANCHISEE ENTITY NAME]:**

_____ By: _____

Name: _____ Name: ___[CEO or Managing Member]____

ACKNOWLEDGEMENT OF RECEIPT:

THE SAILTIME GROUP, LLC

By: _____

Name: _____

Date: _____

STATE OF ILLINOIS

ADDENDUM TO FRANCHISE AGREEMENT

1. Article 15, entitled "MISCELLANEOUS PROVISIONS", of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

   "Under Section 41 of the Illinois Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act of any other Law of this State is void."

2. Section 14.5 of the Franchise Agreement is amended as follows:

   A. Each of the parties (a) agrees that any suit, action, or legal proceeding arising out of or relating to the offer, negotiation, performance, validity, or interpretation of this Agreement where a Court of competent jurisdiction shall permit a suit to arise, rather than compelling arbitration as called for under Section 14.1, shall be brought only in the Federal or State courts or record of the State of Illinois; (b) consents to the jurisdiction of each such court in any suit, action, or proceeding; (c) waives any objection where he, she, or it may have to the laying of venue of any such suit, action, or proceeding in any such courts; and (d) agrees that service of any court paper may be effected on such party by mail, as provided in this agreement, or in such other manner as may be provided under applicable laws or court rules in the State of Illinois.

   B. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 et seq.), this Agreement on any other agreement relating to this Agreement, and all transactions contemplated by this Agreement and any other agreement relating to this Agreement, shall be governed by and construed and enforced in accordance with the internal laws of the State of Illinois without regard to principles of conflicts of laws.

3. Section 15.3 of the Franchise Agreement is amended to read as follows:

   THIS AGREEMENT AND THE SCHEDULES ATTACHED HERETO AND MADE A PART HEREOF CONTAIN THE ENTIRE AGREEMENT OF THE PARTIES. NO OTHER AGREEMENTS, WRITTEN OR ORAL, SHALL BE DEEMED TO EXIST, AND ALL PRIOR AGREEMENTS AND UNDERSTANDINGS, EXCEPT FOR OR OTHER THAN THOSE CONTAINED IN THE DISCLOSURE DOCUMENT, ARE SUPERSEDED HEREBY. THIS AGREEMENT SHALL NOT BE BINDING UPON THE SAILTIME GROUP, LLC UNTIL EXECUTED BY AN AUTHORIZED OFFICER THEREOF. THIS AGREEMENT CANNOT BE MODIFIED OR CHANGED EXCEPT BY A WRITTEN INSTRUMENT SIGNED BY ALL OF THE PARTIES HERETO.

4. Section 11.3(a)(iii) of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

The undersigned hereby acknowledge having read this Addendum, understand its contents to be bound by all of its terms, and agree it shall become effective the _____ day of _____, 20____.

FRANCHISOR:

The SailTime Group, LLC

By: _____

FRANCHISEE:

_____
Franchisee Signature

_____
Franchisee (print name)

_____
Franchisee Signature

_____
Franchisee Print Name

STATE OF MARYLAND
ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to THE SAILTIME GROUP, LLC Franchise Agreement is agreed to this _____ day of _____, 20___, between THE SAILTIME GROUP, LLC and _____ ("**Franchisee**") to amend and revise said Franchise Agreement as follows:

1. In recognition of the requirements of the Maryland Franchise Registration and Disclosure law, the Franchise Agreement is amended as follows:

- The Agreement requires Franchisee to sign a general release as a condition of renewal or transfer of the franchise; such release shall not apply to any liability arising under the Maryland Franchise and Registration and Disclosure Law.

- No representation, warranty, acknowledgement, or disclaimer contained in the Franchise Agreement is intended to or will act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

- No limitation of claims provision in the Franchise Agreement shall act to reduce the three (3) year state of limitations afforded Franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

- Any claims arising under the Maryland Franchise and Disclosure Law must be brought within three (3) years after the grant of the franchise. Any claims for breach of the Maryland Franchise Registration and Disclosure Law may be brought in Maryland.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits thereto, the terms of this Addendum shall govern.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under the applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned hereby acknowledge having read this Addendum, understand its contents to be bound by all of its terms.

FRANCHISOR:

The SailTime Group, LLC

By: _____

FRANCHISEE:

_____
Franchisee Signature

_____

Franchisee (print name)

STATE OF NEW YORK
ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to THE SAILTIME GROUP, LLC Franchise Agreement is agreed to this _____ day of _____, 20___, between THE SAILTIME GROUP, LLC and _____ ("**Franchisee**") to amend and revise said Franchise Agreement as follows:

1. In recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680 through 695, the Franchise Agreement shall be amended as follows:

- Notwithstanding any provision of the Agreement to the contrary, THE SAILTIME GROUP, LLC will not make any assignment of the Agreement except to an assignee who, in THE SAILTIME GROUP, LLC's good faith judgment, is willing and able to assume THE SAILTIME GROUP, LLC's obligations under the Agreement. Notwithstanding any provision of the Agreement to the contrary, all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder will remain in force, it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

- Article XIII of the Agreement is amended by adding the following to the end of such section:

> The indemnification contained in this Article XIII shall not apply to any liability imposed on THE SAILTIME GROUP, LLC as a result of Franchisee's reliance upon or use of procedures or products which were required by THE SAILTIME GROUP, LLC, if such procedures or products were utilized by Franchisee in the manner required by THE SAILTIME GROUP, LLC.

- The Agreement contains provisions requiring a general release as a condition of renewal or transfer of the franchise. These provisions shall be amended to provide that no release shall be required which is intended to exclude claims arising under the General Business Law of the State of New York, Article 3, Sections 687.4 and 687.5.

2 Section 11.3(a)(iii) of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the General Business Law of the State of New York applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits thereto, the terms of this Addendum shall govern.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

THE SAILTIME GROUP, LLC

_____

By: _____

Title: _____

Franchisee:_____

By:_____ (print name)

Title:_____

STATE OF VIRGINIA
ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to THE SAILTIME GROUP, LLC Franchise Agreement is agreed to this _____ day of _____, 20___, between THE SAILTIME GROUP, LLC and _____ ("**Franchisee**") to amend and revise said Franchise Agreement as follows:

1. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under the applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned hereby acknowledge having read this Addendum, understand its contents to be bound by all of its terms.

FRANCHISOR:

The SailTime Group, LLC

By: _____

FRANCHISEE:

_____
Franchisee Signature

_____
Franchisee (print name)

STATE OF WASHINGTON

AMENDMENT TO FRANCHISE AGREEMENT

The State of Washington has Statute, RCW 19.1000.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

The State of Washington has imposed a financial condition that the initial franchise fees will be deferred until the franchisor has fulfilled its initial pre-opening obligations and the franchise is open for business.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Section 11.3(a)(iii) of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

The SailTime Group, LLC

By: _____
Franchisor

The undersigned does hereby acknowledge receipt of this addendum.

Dated this ___ day of _____, 20___.

_____ _____
Franchisee Franchisee

THE SAILTIME GROUP, LLC

NEW YACHT PURCHASE AGREEMENT

EXHIBIT D TO THE DISCLOSURE DOCUMENT

NEW YACHT PURCHASE AGREEMENT

This New Yacht Purchase Agreement ("Agreement") is made the day set forth below by and between _____, who resides at _____ and whose email address is _____ ("BUYER") and SailTime Yacht Sales, L.L.C., whose address is 105 Eastern Avenue, Suite 102, Annapolis, Maryland 21403 and whose email address is boatsales@sailtime.com ("SELLER"). In consideration of the mutual premises and agreements set forth in this Agreement, the parties agree as follows:

DATE:	_____/_____/_____
MFG & YACHT TYPE:	_____ (the "YACHT")
PLACE OF DELIVERY:	_____
PURCHASE PRICE:	$ _____
CONFIRMATION OF HULL DEPOSIT:	$ _____ (10% of the PURCHASE PRICE, due upon signing of this agreement.)
FINAL PAYMENT:	$_____ _____ (90% of the PURCHASE PRICE, due no later than 15 calendar days before YACHT leaves factory, at which point Buyer must fully insure vessel.) *This price does not include applicable sales taxes or state registration fees.*
CLOSING DATE:	The **estimated** date the VESSEL is complete and ready for delivery from the factory is _____ .

1. BUYER hereby agrees to buy and SELLER agrees to sell to BUYER the YACHT on the following payment schedule: BUYER will pay SELLER (i) a 10% CONFIRMATION OF HULL DEPOSIT upon signing this agreement; and (ii) the 90% FINAL PAYMENT no later than 15 calendar days before YACHT leaves factory and/or the CLOSING DATE. **The deposit shall only be refundable if there is a manufacturer-initiated price increase as described in paragraph 8 below.** In the event that Buyer delays any payment to SELLER, BUYER agrees to reimburse SELLER for all costs incurred as a result of any such delay, including all costs, fees, or charges (*e.g.*, storage, maintenance, dockage, insurance, and/or interest charges). Alternatively, in the event Buyer delays any payment, then SELLER may in its sole discretion cancel this agreement and retain all funds paid by BUYER as liquidated damages, and not as a penalty.

YOU AGREE TO ALL THE TERMS OF THIS CONTRACT. YOU ACKNOWLEDGE THAT BEFORE SIGNING BELOW YOU HAVE READ THE ENTIRE CONTRACT, INCLUDING THE DISCLAIMER OF WARRANTIES AND ARBITRATION CLAUSES ON THE REVERSE SIDE

2. BUYER shall notify SELLER of the name of the YACHT in writing prior to the CLOSING DATE.

3. BUYER acknowledges that SELLER has no responsibility nor liability in the event the YACHT is not completed or available for delivery by the manufacturer by the estimated closing date. Should the actual closing date be delayed by the manufacturer for more than six months beyond the estimated closing date identified herein, then, unless the delivery date is extended in writing, either BUYER or SELLER may declare this Agreement null and void and SELLER shall refund monies received from BUYER.

Buyer: _____ Seller:_____

4. Title to the YACHT passes when BUYER pays the full purchase price and any other costs, expenses or fees associated with closing the purchase. At time of closing and payment in full, BUYER will receive documents necessary to obtain title and **YACHT will be handed over and all risk of loss for the YACHT passes to the BUYER FOB Factory**. BUYER assumes all risk of loss and is solely responsible for arranging for delivery of and for insuring, registering and/or titling the YACHT immediately upon closing and providing all such documentation to SELLER prior to the YACHT leaving the factory or commencing any delivery trip. Any arrangements BUYER may make for delivery through SELLER or payments made for delivery are an accommodation to BUYER and SELLER assumes no risk or liability for delivery and risk of loss for the YACHT always remains with the BUYER.

5. Notwithstanding the foregoing, prior to actual delivery to Buyer, Seller will rig the Yacht and commission it as a sailing vessel capable of use in navigable waters. Seller warrants the rigging and commissioning work for a period of ninety (90) days from the date of actual delivery and shall not be liable to Buyer for any defects in such workmanship thereafter.

6. In connection with any delivery, BUYER agrees that if BUYER fails to take possession of the YACHT within 15 business days after being advised that the YACHT is available, BUYER is solely liable and responsible for all costs and expenses incurred or that attend the failure to take possession, including, but not limited to, dockage, maintenance and/or storage.

7. Other than income taxes that may be levied on SELLER on the net proceeds of this transaction, BUYER is solely responsible for the payment of any import, customs, sales, use or excise taxes and/or fees of any kind that may be levied, assessed, or imposed by any governmental authority, agency or regulatory body as a result of or in connection with the purchase of the YACHT identified in this Agreement and its registration for use in the Buyer's state. The price stated on the prior page does not include the cost of such taxes or fees.

8. Manufacturer has reserved the right to change the design of the yacht, any accessory, any part and/or any specification without notice and without the obligation to make the same or any similar change to any other yacht previously ordered, purchased or shipped or being manufactured or sold in accordance with any order, including the YACHT being purchased hereunder. Correspondingly, in the event of any such change by Manufacturer, SELLER shall have no obligation to BUYER to make the same or similar change to the YACHT either before or after delivery to BUYER. Manufacturer has also reserved the right to change the YACHT price without prior notice. In the event Manufacturer changes the price to SELLER, then SELLER will increase the selling price of the YACHT accordingly. BUYER may, if dissatisfied with such a price increase, cancel this Agreement within five (5) days of being informed of any such increase.

9. In the event BUYER fails to close for any reason other than cancellation as permitted by the preceding paragraph, BUYER agrees that SELLER will retain any deposit and/or payment made, as liquidated damages and not as a penalty. BUYER acknowledges that damages for any failure to fulfill this Agreement would be uncertain and difficult to ascertain, and the amount agreed upon as liquidated damages is a reasonable estimate of SELLER'S likely actual damages.

10. **SELLER MAKES NO WARRANTY OF ANY KIND. EXCEPT AS EXPRESSLY STATED ELSEWHERE IN THIS AGREEMENT, SELLER HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND/OR FITNESS FOR PURPOSE IN CONNECTION WITH THE YACHT PURCHASED. THERE ARE NO WARRANTIES THAT EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF. BUYERS SOLE WARRANTY IS THAT PROVIDED BY THE BUILDER/MANUFACTURER AND/OR ITS SUPPLIERS. AT THE TIME OF CLOSING, SELLER WILL DELIVER SUCH WARRANTY DOCUMENTATION TO BUYER AND THE BENEFIT OF WARRANTIES RECEIVED WILL BE TRANSFERRED TO THE BUYER.**

Buyer: _____ Seller:_____

11. SELLER promises to hold harmless and defend the BUYER against any and all claims incurred prior to settlement, or due to the actual negligence of SELLER or its agents between settlement and commissioning of the Yacht as described in paragraph 5 above, that may impair or adversely affect the BUYER'S receipt, use and possession of the Yacht, including good title thereto, and to assume all costs incidental to defending BUYER against such claims, including reasonable attorney's fees. BUYER promises to hold harmless and defend the SELLER against any and all claims incurred with regard to the Yacht subsequent to settlement, except as caused by the actual negligence of SELLER or its agents prior to commissioning, and to assume to assume all costs incidental to defending SELLER against such claims, including reasonable attorney's fees.

12. **Arbitration Required.** Any controversy, claim, suit, demand, counterclaim, cross claim, or third party complaint, arising out of, or relating to this Agreement or the parties' relationship (whether statutory, in tort or otherwise and irrespective of whether any financing or credit contingencies have been met), including, but not limited to any matter that may have induced the BUYER to enter into a relationship with SELLER (collectively referred to as "Claim"), as well as the validity of this provision, shall be submitted to final and binding arbitration in Baltimore City, Maryland and shall be subject to the Federal Arbitration Act, 9 U.S.C.A. §1, *et seq.* The Parties agree that any Claim shall be arbitrated by a single arbitrator on an individual basis and not as a class or mass action. BUYER expressly waives any right BUYER may have to arbitrate a class or mass action. Arbitration shall be administered on an individual basis and not as a class or mass action either by the American Arbitration Association (www.adr.org) in accordance with its Commercial Arbitration Rules, except for any rule providing for class or mass action, or if American Arbitration Association ceases to exist, by its successor in interest or another national recognized arbitration association (*e.g.*, JAMS) and its rules except for any rule providing for class or mass action. Judgment on the arbitration award may be entered in any court having jurisdiction thereof. This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of Maryland without giving effect to its conflict of law provisions. Neither party shall be entitled to recover from the other party any special damages, consequential damages, damages to property, damages for loss of use, loss of time, loss of profits, or income, or any other incidental damages. In the event that any dispute arising from or relating to this Agreement results in arbitration, the prevailing party, in addition to all other relief, will be awarded its reasonable costs and expenses, including any expert witness fees and reasonable attorneys' fees up through and including any confirmation and/or appeal of the award.

13. Any and all notices required or permitted under this Agreement shall be given in writing and may be delivered by first class mail, any recognized commercial courier service, or by electronic mail. Notice shall be deemed given upon receipt; however, an automatic "delivered receipt" for an e-mail is proof of delivery. Either party may change their contact information by notifying the other in writing. The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably necessary to complete the transaction set forth in this Agreement.

14. This Agreement contains the complete and exclusive agreement between the parties relating to the subject matter hereof, supersedes any and all prior oral or written communications, proposals, and agreements, and may not be waived or modified except by a written and signed agreement of the parties.

15. If any term, provision, covenant or condition of this Agreement, or the application thereof to any person, place or circumstance, shall be held to be invalid, unenforceable or void, the remainder of this Agreement and such term, provision, covenant or condition as applied to other persons, places and circumstances shall remain in full force and effect.

16. This agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

Buyer: _____ Seller:_____

BUYER AGREES TO THE TERMS OF THIS CONTRACT. BUYER ACKNOWLEDGES HAVING READ THE ENTIRE CONTRACT, INCLUDING THE DISCLAIMER OF WARRANTIES AND ARBITRATION CLAUSES, BEFORE SIGNING BELOW

_____ ___/___/___
BUYER Date

_____ ___/___/___
BUYER Date

AGREED TO AND ACKLOWEDGED:

_____ ___/___/___
SAILTIME YACHT SALES, LLC Date

By: _____

Title: _____

THE SAILTIME GROUP, LLC

NON-DISCLOSURE AGREEMENT WITH PROSPECTIVE FRANCHISEES

EXHIBIT E TO THE DISCLOSURE DOCUMENT

Non-Disclosure Agreement

DATED: _____

By signing this Agreement (name): _____

Of (address) _____(**Recipient**)

assumes all of the benefits and obligations contained in the Operative Part of this Agreement and agrees to be bound by it; and acknowledges that this Agreement is intended to benefit THE SAILTIME GROUP, LLC, ("**SailTime**")

BACKGROUND

A At the Recipient's request, SailTime has agreed to:

(1) disclose certain Confidential Information for the Approved Purpose; or,

(2) allow the Recipient access to it during which the Recipient will be exposed to or may learn certain Confidential Information.

B In consideration of SailTime agreeing to disclose the Confidential Information to the Recipient, or allow the Recipient access to it, the Recipient agrees to:

(1) ensure that all Confidential Information is kept confidential; and

(2) abide by the terms and conditions of this document.

OPERATIVE PART

1 Definitions and Interpretation

1.1 Definitions

In this document, unless the context otherwise requires:

Approved Purpose means investigating SailTime's franchise system and business operations to decide whether to enter into a franchise agreement with SailTime, either for watercraft shared usage in sailboats (as SailTime®), watercraft shared usage in powerboats (as PowerTime®), or both.

Confidential Information means (and Information has a corresponding meaning), all information concerning SailTime's business model, plans, procedures and practices, as disclosed in all SailTime's operating manuals and as disclosed through conversations and correspondence with SailTime's management, staff and SailTime franchisees, regardless of whether or not the information is marked as confidential, including financial information and identifying information of the Bases' customers.

"Confidential Information" does not include information that is available in the public domain or is useless or trivial at the time the information is imparted to the Recipient or when the Recipient acquires the information.

Information does not stop being "Confidential Information" merely because, at a time after the Recipient became aware of it, the Information; (1) becomes public knowledge because of an act of the Recipient contrary to this Agreement; (2) is placed into the public domain without the consent of SailTime.

Recipient includes the person named in this Agreement as the Recipient and its directors, officers, agents, representatives, advisers and any other person having access to the Confidential Information through the Recipient.

2 General Acknowledgments

The Recipient acknowledges and agrees that:

(a) He or she is not working for and does not have a contractual relationship with any provider of fractional sailing or power-boating services, or any "boating timeshare" business;

(b) He or she is not bound by any non-compete agreement that would preclude Recipient from buying and operating a SailTime franchise;

(c) has no right, license, proprietary right, entitlement or interest in the Confidential Information is extended to or conveyed to it except as set out in this document;

(d) the Confidential Information is valuable to SailTime;

(e) that the purpose of this document is to prevent the Recipient from using Confidential Information received from investigating the SailTime franchise opportunity in a business competitive to SailTime or its franchisees;

(f) if there is any actual or threatened breach or default by any person under this document, damages will not be an adequate remedy and SailTime may seek injunctive relief to prevent or end any such breach or default;

(g) SailTime is entitled to an injunction, specific performance or any other relief or remedy available at law or equity without proof of special damage; and

(h) the Confidential Information may be incomplete, inaccurate and may contain errors, and the Recipient uses and relies on the Confidential Information at its own risk.

3 Confidentiality

3.1 Non-disclosure

(a) The Recipient undertakes that for the longer of: (a) two (2) years from the date of this Agreement; or, (b) the time it has any business association with SailTime and for two (2) years after the business association ends, Recipient will:

(i) keep confidential, preserve and protect the Confidential Information;

(ii) comply with any request made by SailTime in relation to the protection or preservation of the Confidential Information;

(iii) not use (including disclose in any way) the Confidential Information for any purpose other than the Approved Purpose, where the use or disclosure causes or is substantially likely to cause detriment to SailTime or SailTime's actual or potential licensees or franchisees.

(iv) For clarity, notwithstanding anything stated herein, this Agreement shall not restrict the Recipient from starting a business, or purchasing a franchise from other companies, in the business of sailing or boating; provided, however, that Prospective Franchisee does not in any manner use the information learned while discussing the Franchise opportunity with Franchisor.

(b) The Recipient undertakes that unless permitted under clause 4 it will not disclose the Confidential Information to anyone, except where an agent, representative, professional adviser or other person (being a person being approved of in writing by SailTime) of the Recipient needs to know, and:

(i) the disclosure is necessary to assist the Recipient in using the Confidential Information for the Approved Purpose; and

(ii) only so much of the Confidential Information as is necessary to achieve provide sufficient information to the third party recipient is disclosed; and

(iii) Recipient has obtained the agreement of the third party recipient to be bound by and comply with the terms of this document by entering into a non-disclosure document or Agreement with each such person containing each obligation imposed on Recipient by this Agreement.

3.2 Destruction or return of materials

If SailTime asks to do so, the Recipient must immediately return or destroy the Confidential Information in compliance with SailTime's request.

4 Exceptions To Confidentiality

4.1 When restrictions do not apply

The obligations of the Recipient under clause 3 do not apply:

(a) to any portion of any Confidential Information which is required to be disclosed by any law, judicial or governmental body; and

(b) Disclosures by the Recipient to any governmental or law enforcement agency, or to a court, concerning any alleged violation by SailTime of any franchise sales law or regulation.

4.2 Notice and other obligations

(a) Provided doing so would not violate any requirement of applicable law or any orders of a judicial or governmental body, if clause 4.1(a) applies, before making any disclosure the Recipient must:

(i) notify SailTime in writing of the requirement to make the disclosure;

(ii) assist and co-operate with SailTime in taking any action SailTime considers appropriate to challenge or oppose the required disclosure;

(iii) if practicable, follow any direction of SailTime concerning any aspect of the disclosure or proposed disclosure; and

(iv) if practicable, discuss the form and content of the disclosure with SailTime.

(b) If clause 4.1(a) applies, the Recipient must only disclose so much of the Confidential Information as is necessary to comply with the lawful request.

5 Indemnity

The Recipient indemnifies and will hold SailTime harmless from any action or claim by, or liability to any person for any loss, damage, cost or expense (including any consequential loss, damage, cost or expense), whether direct or indirect, arising from or caused by any breach of the Recipient's obligations under this document, either directly or indirectly through actions authorized by Licensee by any person to whom Recipient previously provided any Confidential Information.

6 Governing Law, Jurisdiction and Costs of Litigation

The laws of the United States and the State of Maryland govern this Agreement. Recipient irrevocably submits to the non-exclusive jurisdiction of the Maryland courts (including if necessary Courts exercising Federal jurisdiction) and courts of appeal of those courts. In addition, if SailTime pursues an action against Recipient arising from or related to this Agreement, the prevailing party in such a case shall be entitled to a judgment against the other party for the prevailing party's reasonable costs incurred in connection with that action, including attorneys' fees and court costs.

7 Waiver

A waiver of any breach or non-performance of this document will only be effective if it is written and signed by SailTime, and only to the extent specified.

8 Severance

Any clause of this document that is found to be void, voidable or unenforceable shall be severable, and have no effect on the other clauses of this document.

EXECUTED AS AN AGREEMENT AT _____ **(**geographic place)

BY (name): _____

Signature: _____

WITNESS (name): _____

Signature: _____

THE SAILTIME GROUP, LLC

OPERATIONS MANUAL TABLE OF CONTENTS

EXHIBIT F TO THE DISCLOSURE DOCUMENT

SailTime Group, LLC

Franchise

Operations Manual

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Version: Release_v1.6

Revision Date: 12/15/23

Proprietary & Confidentia

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THE SAILTIME GROUP, LLC.

FINANCIAL STATEMENTS

EXHIBIT G TO THE DISCLOSURE DOCUMENT

The SailTime Group, LLC

Financial Statements

December 31, 2024 and 2023

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Costabile & Steffens P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To: The Members of
The SailTime Group, LLC
Annapolis, MD

Opinion

We have audited the accompanying financial statements of The SailTime Group, LLC, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The SailTime Group, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The SailTime Group, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The SailTime Group, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Frank J. Costabile

Members
American Institute
of Certified Public
Accountants
and Illinois
Society of CPA's

1805 Hicks Road • Rolling Meadows, Illinois 60008 • (847) 776-3700 FAX (847) 776-3775

Costabile & Steffens P.C.
Certified Public Accountants

The Members of
The SailTime Group, LLC
Annapolis, MD

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

· Exercise professional judgment and maintain professional skepticism throughout the audit.

· Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

· Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The SailTime Group, LLC's internal control. Accordingly, no such opinion is expressed.

· Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

· Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the SailTime Group, LLC's ability to continue as a going concern for a reasonable period of time.

Costabile & Steffens P.C.
Certified Public Accountants

The Members of
The SailTime Group, LLC
Annapolis, MD

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Costabile & Steffens PC

COSTABILE & STEFFENS PC
Certified Public Accountants

Rolling Meadows, Illinois 60008
April 4, 2025

EXHIBIT A

The SailTime Group, LLC

BALANCE SHEETS

December 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 1)	$ 31,413	$ 116,888
Receivables - Net (Notes 1 and 3)	171,645	65,006
Related Parties Receivables (Notes 1 and 5)	6,343	84,528
Prepaid Expenses	11,282	-
Total Current Assets	220,683	266,422
PROPERTY AND EQUIPMENT - NET (NOTES 1 AND 4)		
Equipment, Net of Accumulated Depreciation of $7,257 and $4,838, respectively	-	2,419
Website and Scheduler, Net of Accumulated Amortization of $434,912 and $399,712, respectively	122,600	157,800
OTHER ASSETS		
Notes Receivable (Note 5)	551,915	570,103
Total Assets	$ 895,198	$ 996,744
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 115,389	$ 83,729
Commissions Due Franchises	23,105	-
Contract Liabilities (Note 1)	31,000	24,000
Total Current Liabilities	169,494	107,729
EQUITY		
Members' Equity	725,704	889,015
Total Liabilities and Equity	$ 895,198	$ 996,744

See accompanying notes and independent auditor's report.

EXHIBIT B

The SailTime Group, LLC

STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY

For the Years Ended December 31, 2024 and 2023

	2024		2023	
	Amount	Percent to Total Revenue	Amount	Percent to Total Revenue
REVENUE (NOTE 1)				
Franchise Fee Revenue	$ 471,198	45.38 %	$ 456,906	32.35 %
Initial Franchise Sales	59,400	5.72	43,000	3.04
Boat Sales Commissions	452,397	43.57	855,583	60.59
Advertising and Marketing Fees	55,250	5.32	56,750	4.02
Total Revenues	1,038,245	99.99	1,412,239	100.00
BOAT SALES COMMISSION REBATES PAID TO FRANCHISEES (NOTE 1)	232,943	22.44	436,906	30.94
Gross Profit	805,302	77.55	975,333	69.06
OTHER OPERATING INCOME (EXPENSES)				
General and Administrative Expenses (Schedule 1)	(962,539)	(92.71)	(870,775)	(61.66)
Income (Loss) from Operations	(157,237)	(15.14)	104,558	7.40
OTHER INCOME (EXPENSE)				
Interest Expense	(6,074)	(0.59)	(22,073)	(1.56)
Total Other Income (Expense)	(6,074)	(0.59)	(22,073)	(1.56)
Net Income (Loss)	(163,311)	(15.73) %	82,485	5.84 %
Members' Equity, Beginning of Year	889,015		806,530	
Members' Equity, End of Year	$ 725,704		$ 889,015	

See accompanying notes and independent auditor's report.

EXHIBIT C

The SailTime Group, LLC

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ (163,311)	$ 82,485
Adjustments to Reconcile Net Income (Loss) to		
Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	37,619	37,619
Allowance for Credit Losses	10,000	-
(Increase) Decrease in Assets		
Receivables	(104,487)	99,382
Deposits and Other Current Assets	(11,282)	10,657
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	54,765	9,479
Contract Liabilities	7,000	(8,000)
Net Cash Provided by (Used in) Operating Activities	(169,696)	231,622
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Received from (Paid to) Related Parties Receivables	84,221	(87,133)
Website Improvements	-	(42,000)
Net Cash Provided by (Used in) Investing Activities	84,221	(129,133)
Net Change in Cash and Cash Equivalents	(85,475)	102,489
Cash and Cash Equivalents - Beginning of Year	116,888	14,399
Cash and Cash Equivalents - End of Year	$ 31,413	$ 116,888
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	$ 6,074	$ 22,073
Cash Paid During the Year for Taxes	$ 5,145	$ 16,669

See accompanying notes and independent auditor's report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The SailTime Group, LLC (the Company), a wholly owned subsidiary to Sea Style Acquisitions LLC (SSA) (formerly San Sebastian Acquisitions LLC), was formed on May 15, 2006 under the laws of Georgia to license proprietary intellectual property, software and brand to independently operate fractional boating and sailing schools. In 2010 the Company formally registered as a Franchisor and subsequently sold turnkey franchised business opportunities. In 2012 the Company relocated to Annapolis, Maryland and operates under the laws of the state of Maryland, along with its parent entity, SSA.

The Company currently offers and operates fractional sail and power boating franchises in the United States, Netherlands, and Australia. There are approximately 25 franchised locations including one franchise that is wholly owned and operated by the Company - SailTime BOC Annapolis LLC which support more than 1,000 members. The gross revenues for the entire enterprise network exceeded $10 million dollars. The Company provides:

* Franchise agreements allowing access to trademarks, intellectual property, and proprietary business models.
* Consulting and software support for its franchisees.
* National advertising and marketing exposure.

The Company has a direct dealer relationship with Beneteau America and Jeanneau America, through its sister entity, SailTime Yacht Sales, LLC (STYS), which is wholly owned by SSA. Under this relationship, a commission is earned for any boats sold to its franchises and franchisee fleet owners for use within their respective programs. Commissions received on these sales are shared at a variable portion with the participating franchisees.

Revenue Recognition - the Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, "Revenue from Contracts with Customers." The FASB issued the accounting standards update (ASU) 2021-02, Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient and it has been elected by the Company to help reduce the cost and complexity of applying the revenue recognition guidance. This expedient permits a franchisor that is not a public business entity that enters into franchise agreements to account for the following pre-opening services provided to a franchisee as distinct from the franchise license:

a) Assistance in the selection of a site, b) Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation, c) Training of the franchisee's personnel or the franchisee, d) Preparation and distribution of manuals and similar material concerning operations, administration and record keeping,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Bookkeeping, information technology and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate and other taxes or about regulations affecting the franchisee's business, f) Inspection, testing and other quality control programs.

The Company carries out the pre-opening services through multiple channels including extensive telephone consultation, franchisee website customization, location guidance and approval, on site training of franchisee personnel, use of third-party contractors for legal, marketing, social media, public relations, press releases, vessel acquisition specifications and order placement. The estimated pre-opening services cost is $15,000 and, accordingly, the Company recognizes revenue from pre-opening services up to that amount, per contract. The franchise Operations Manual outlines in detail the pre-opening service obligations of the Company.

As part of the adoption of ASC 606, the Company elected to use the following practical expedients: (1) all contract modifications that occurred prior to the date of the initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application.

The Company derives its revenues primarily from fees for royalties and marketing. Revenues are recognized when control of these services is transferred to its franchisees, in an amount that reflects the consideration the Company expects to be entitled to (it has right to invoice) in exchange for those services. Revenues from vessel sales commissions is recognized when control of the vessel is transferred to its customer, which is typically at delivery. The Company does not have any significant financing components as payment is received at or shortly after the point of sale. Costs incurred to obtain a contract are not material and are expensed as incurred.

Performance Obligations - For performance obligations related to commissions from sales of vessels, control transfers to the customer at a point in time. For performance obligations related to its services, control transfers to the customer over time. A performance obligation is satisfied over time as the customer consumes the benefits of the Company's performance at the same time as (a) the customer receives those benefits and (b) the Company performs and creates those benefits.

Significant Judgments - The Company makes judgments in applying the new guidance that significantly affects when and how much revenue is recognized related to its customer contracts. It accounts for pre-opening services provided to a franchisee as distinct from the franchise license.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Liabilities - as of December 31, 2024 and 2023 the Company had contract liabilities in the amount of $31,000 and $24,000, respectively, for the initial franchise revenue to be earned in the future. The revenue will be earned over the term of ten years, in accordance with the terms of the franchise agreement, except for when the franchise agreement expires in under ten years.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Limited Liability Company - Income Tax Status - The Company is a single member Limited Liability Company and is considered to be a disregarded entity for federal income tax purposes. The single member owner, SSA, reports the results of the Company's activity on its own income tax return. As such, the Company will not pay any federal income taxes, as any income or loss will be included in the federal tax returns of the member. Accordingly, no provision or liability for federal or state income taxes has been included in the financial statements.

Accounting for Uncertainty in Income Taxes - The Company adopted the Accounting for Uncertainty in Income Taxes topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The standard requires the recognition and measurement of uncertain tax positions taken or expected to be taken by the Company in the preparation of its tax returns. The Company determines whether it is more-likely-than-not that a certain tax position will be sustained upon examination by a taxing authority. If an uncertain tax position is less-likely-than-not to be sustained, an estimate of the potential effect is recognized in the financial statements and the uncertain tax position is required to be disclosed. Per the Company's evaluation as of December 31, 2024, including all prior tax years subject to examination, it was determined that no material adjustments were required in the financial statements for tax positions less-likely-than-not to be sustained upon examination by a taxing authority. The Company believes it is no longer subject to income tax examinations for years prior to 2022.

Fair Value of Financial Instruments - The carrying amounts of financial instruments reported in the balance sheets, including cash equivalents, receivables, accounts payable and accrued expenses approximates their fair value due to their short-term maturity. The fair value of the Company's line-of-credit approximates its carrying value as the effective interest rates fluctuate with changes in the market rates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising - All advertising and marketing costs are expensed as incurred. Advertising and marketing expenses for the years ended December 31, 2024 and 2023 amounted to $181,575 and $150,432, respectively.

Cash and Cash Equivalents - For purposes of reporting cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Financial Credit Risk - The Company maintains its cash balances at two financial institutions and its balances may at times exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The Company has not experienced any losses in such accounts and monitors the creditworthiness of the financial institutions with which it conducts business. Management believes that the Company is not exposed to any significant credit risk with respect to its cash balances.

Receivables - Receivables represent balances due from franchisees for initial and monthly fees. The Company has executed notes receivable agreements with selected franchisees to collect unpaid receivables.

The Company maintains an allowance for credit losses, which is determined by considering a number of factors, including, if any, historical collection experience and the Company's assessment of the counterparties' ability to repay their obligations. Receivables are considered past due based on how recently payments have been received and the Company will periodically write off balances after exhausting reasonable collection efforts. At December 31, 2024 and 2023, the allowance for credit losses amounted to $19,624 and $16,696, respectively. Credit loss expense for the years ended December 31, 2024 and 2023 amount to $10,000 and $5,000, respectively.

Related Party Receivables - The Company considers various factors as of the date of the financial statements in evaluating the credit quality of loans and advances to related parties, including the value of collateral, if any, historical collection experience and the Company's assessment of the counterparties' ability to repay their obligations.

To date, the Company has not experienced any losses with respect to loans and advances to related parties, and believes that all loans and advances will be recovered; therefore, an allowance for uncollectible amounts has not been recorded.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment - Property and equipment is recorded at cost, net of accumulated depreciation. Major additions or betterments are charged to the asset accounts while maintenance and repairs, which do not improve or extend the lives of the assets, are expensed when incurred. Depreciation is recognized using both the straight-line and accelerated methods over the estimated useful lives of the respective assets.

Valuation of Long-Lived Assets - The Company accounts for the valuation of long-lived assets under Impairment or Disposal of Long-Lived Assets topic of the FASB Accounting Standards Codification. Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, and evaluated at least annually. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheets. Management believes the value of long-lived assets exceed their carrying value as of December 31, 2024.

Leases - The Company calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of twelve months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

The adoption of FASB ASC 842, Leases, did not have an effect on the Company's financial statements at December 31, 2024 and 2023, as its office lease is on a month-to-month basis.

Change in Accounting Standard - On January 1, 2023, the Company adopted FASB ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, and all related subsequent amendments thereto. This ASU replaced the incurred loss method of measuring financial assets with an expected loss method, which is referred to as the current expected credit loss (CECL) method. CECL requires an estimate of credit losses over the life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the Company, the ASU applies to the measurement of its accounts receivable. Accounts receivable are now presented by using an allowance for credit losses to reduce the receivables balances to the net amount expected to be collected over the lives of the receivables. The Company adopted the new standard using the modified retrospective approach. For the Company, there was no transition adjustment related to the adoption of CECL.

NOTE 2 - FOREIGN OPERATIONS

Operations outside the United States include sales and royalties in various countries. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange.

Results of operations for the Company's sales in various countries are translated from the local (functional) currency to the U.S. dollar using exchange rates during the period, while assets and liabilities are translated at the exchange rate in effect at the reporting date. Sales in various countries are recorded using the U.S. dollar as the functional currency.

As a result, the transactions of those operations that are denominated in foreign currencies are re-measured into U.S. dollars , and any resulting gain or losses are included in earnings. For the years ended December 31, 2024 and 2023, there were no gains or losses from foreign currency translations.

NOTE 3 - RECEIVABLES

Receivables as of December 31, 2024 and 2023 consist of the following:

	2024	2023
Franchise Fees Receivable, Monthly Assessments of Royalties and Marketing Fees	$ 191,269	$ 81,702
Less: Allowance for Credit Losses	(19,624)	(16,696)
Net Receivables	171,645	65,006
Less: Current Maturities	(171,645)	(65,006)
Net Receivables - Noncurrent	$ -	$ -

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at December 31, 2024 and 2023:

	2024	2023
Equipment	$ 7,257	$ 7,257
Less: Accumulated Depreciation	(7,257)	(4,838)
	$ -	$ 2,419
Software and Website Improvements	$ 557,512	$ 557,512
Less: Accumulated Amortization	(434,912)	(399,712)
	$ 122,600	$ 157,800

Depreciation expense for the years ended December 31, 2024 and 2023 amounted to $2,419 and $2,419, respectively.

Amortization expense for the years ended December 31, 2024 and 2023 amounted to $35,200 and $35,200, respectively.

NOTE 5 - DUE FROM (TO) RELATED PARTIES

Amounts due from (to) related parties represent franchise related fees due from bases owned by SSA members, reimbursement of expenses paid on their behalf and advances received from SSA members, and commissions due from STYS. The balances are unsecured, noninterest bearing and have no formal payment terms. Related party balances at December 31, 2024 and 2023 are as follows:

	2024	2023
SailTime Annapolis	$ (204,420)	$ (111,208)
SailTime Baltimore	21,132	21,132
SailTime Chicago	17,556	17,556
SailTime Virginia Beach	19,039	19,039
SailTime Yacht Sales, LLC	153,036	138,009
Total Due from Related Parties (All Current)	$ 6,343	$ 84,528

NOTE 5 - DUE FROM (TO) RELATED PARTIES (CONTINUED)

SailTime Annapolis (Non-Current)	$ 174,479	$ 174,479
Sea Style Yacht Partners (Non-Current)	317,064	281,137
Sea Style Acquisitions LLC (Non-Current)	60,372	114,487
Notes Receivable	$ 551,915	$ 570,103

NOTE 6 - RENT EXPENSE

The Company rents office space on a month-to-month basis. Rent expense for the years ended December 31, 2024 and 2023 amounted to $15,683 and $17,872, respectively.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 4, 2025, which is the date the financial statements were available to be issued.

Costabile & Steffens P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To: The Members of
The SailTime Group, LLC
Annapolis, MD

We have audited the financial statements of The SailTime Group, LLC as of December 31, 2024 and 2023 and for the years then ended, and our report thereon dated April 4, 2025, which expressed an unmodified opinion on those financial statements, appears on pages 1 through 3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of General and Administrative expenses are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Costabile & Steffens PC

COSTABILE & STEFFENS PC
Certified Public Accountants

Rolling Meadows, Illinois 60008
April 4, 2025

The SailTime Group, LLC

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
For the Years Ended December 31, 2024 and 2023
(See Independent Auditor's Report on Supplementary Information)

	2024		2023	
	Amount	Percent to Total Revenue	Amount	Percent to Total Revenue
Advertising and Marketing	$ 181,575	17.49 %	$ 150,432	10.65 %
Credit Losses	10,000	0.96	5,000	0.35
Depreciation and Amortization	37,619	3.62	37,619	2.66
Dues and Subscriptions	2,500	0.24	6,595	0.47
Consulting	35,280	3.40	37,073	2.63
Charitable Contributions	2,500	0.24	9,000	0.64
Employee Benefits	8,691	0.84	8,868	0.63
Information Technology	114,717	11.05	105,627	7.48
Insurance	40,909	3.94	16,421	1.16
Office and Administrative	12,817	1.23	33,381	2.36
Professional Fees	92,369	8.90	127,204	9.01
Rent and Storage Fees	16,774	1.62	17,872	1.27
Salaries and Wages	341,817	32.92	230,460	16.32
Taxes - Payroll	26,108	2.51	20,705	1.47
Taxes - Personal Property and Sales	5,145	0.50	16,669	1.18
Telephone and Utilities	8,996	0.87	7,163	0.51
Uniforms	105	0.01	188	0.01
Travel and Entertainment	24,617	2.37	40,498	2.86
Total General and Administrative Expenses	$ 962,539	92.71 %	$ 870,775	61.66 %

The SailTime Group, LLC

Financial Statements

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To: The Members of
The SailTime Group, LLC
Annapolis, MD

Opinion

We have audited the accompanying financial statements of The SailTime Group, LLC, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The SailTime Group, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The SailTime Group, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The SailTime Group, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

The Members of
The SailTime Group, LLC
Annapolis, MD

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

· Exercise professional judgment and maintain professional skepticism throughout the audit.

· Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

· Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The SailTime Group, LLC's internal control. Accordingly, no such opinion is expressed.

· Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

· Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the SailTime Group, LLC's ability to continue as a going concern for a reasonable period of time.

The Members of
The SailTime Group, LLC
Annapolis, MD

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Costabile & Steffens PC

COSTABILE & STEFFENS PC
Certified Public Accountants

Rolling Meadows, Illinois 60008
April 9, 2024

EXHIBIT A

The SailTime Group, LLC

BALANCE SHEETS

December 31, 2023 and 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents (Note 1)	$ 116,888	$ 14,399
Receivables - Net (Notes 1 and 3)	65,006	164,388
Related Parties Receivables (Notes 1 and 5)	84,528	76,209
Prepaid Expenses	-	10,657
Total Current Assets	266,422	265,653
PROPERTY AND EQUIPMENT - NET (NOTES 1 AND 4)		
Equipment, Net of Accumulated Depreciation of $4,838 and $2,419, respectively	2,419	4,838
Website and Scheduler, Net of Accumulated Amortization of $399,712 and $364,512, respectively	157,800	151,000
OTHER ASSETS		
Notes Receivable (Note 5)	570,103	491,289
Total Assets	$ 996,744	$ 912,780
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 83,729	$ 74,250
Contract Liabilities (Note 1)	24,000	32,000
Total Current Liabilities	107,729	106,250
EQUITY		
Members' Equity	889,015	806,530
Total Liabilities and Equity	$ 996,744	$ 912,780

See accompanying notes and independent auditor's report.

EXHIBIT B

The SailTime Group, LLC

STATEMENTS OF INCOME AND MEMBERS' EQUITY

For the Years Ended December 31, 2023 and 2022

	2023		2022	
	Amount	Percent to Total Revenue	Amount	Percent to Total Revenue
REVENUE (NOTE 1)				
Franchise Fee Revenue	$ 456,906	32.35 %	$ 422,078	36.23 %
Initial Franchise Sales	43,000	3.04	6,000	0.52
Boat Sales Commissions	855,583	60.58	677,100	58.12
Advertising and Marketing Fees	56,750	4.02	59,750	5.13
Total Revenues	1,412,239	100.00	1,164,928	100.00
BOAT SALES COMMISSION REBATES PAID TO FRANCHISEES (NOTE 1)	436,906	30.94	304,210	26.11
Gross Profit	975,333	69.06	860,718	73.89
OTHER OPERATING INCOME (EXPENSES)				
General and Administrative Expenses (Schedule 1)	(870,775)	(61.66)	(711,793)	(61.10)
Income from Operations	104,558	7.40	148,925	12.78
OTHER INCOME (EXPENSE)				
Interest Expense	(22,073)	(1.56)	(5,949)	(0.51)
Total Other Income (Expense)	(22,073)	(1.56)	(5,949)	(0.51)
Net Income	82,485	5.84 %	142,976	12.27 %
Members' Equity, Beginning of Year	806,530		663,554	
Members' Equity, End of Year	$ 889,015		$ 806,530	

See accompanying notes and independent auditor's report.

EXHIBIT C

The SailTime Group, LLC

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 82,485	$ 142,976
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities		
Change in Allowance for Doubtful Accounts	-	(2,506)
Depreciation and Amortization	37,619	16,419
(Increase) Decrease in Assets		
Receivables	99,382	(29,049)
Deposits and Other Current Assets	10,657	(10,657)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	9,479	20,813
Contract Liabilities	(8,000)	(35,000)
Net Cash Provided by Operating Activities	231,622	102,996
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Received from (Paid to) Related Parties Receivables	(87,133)	(133,953)
Purchases of Equipment	-	(7,257)
Website Improvements	(42,000)	(103,000)
Net Cash Used in Investing Activities	(129,133)	(244,210)
Net Change in Cash and Cash Equivalents	102,489	(141,214)
Cash and Cash Equivalents - Beginning of Year	14,399	155,613
Cash and Cash Equivalents - End of Year	$ 116,888	$ 14,399
	-	-
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	$ 22,073	$ 5,949
Cash Paid During the Year for Taxes	$ 16,669	$ 1,054

See accompanying notes and independent auditor's report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - The SailTime Group, LLC (the Company), a wholly owned subsidiary to Sea Style Acquisitions LLC (SSA) (formerly San Sebastian Acquisitions LLC), was formed on May 15, 2006 under the laws of Georgia to license proprietary intellectual property, software and brand to independently operate fractional boating and sailing schools. In 2010 the Company formally registered as a Franchisor and subsequently sold turnkey franchised business opportunities. In 2012 the Company relocated to Annapolis, Maryland and operates under the laws of the state of Maryland, along with its parent entity, SSA.

The Company currently offers and operates fractional sail and power boating franchises in the United States and Australia. There are approximately 25 franchised locations including one franchise that is wholly owned and operated by the Company - SailTime BOC Annapolis LLC which support more than 1,000 members. The gross revenues for the entire enterprise network exceeded $10 million dollars. The Company provides:

* Franchise agreements allowing access to trademarks, intellectual property, and proprietary business models.
* Consulting and software support for its franchisees.
* Global advertising and marketing exposure.

The Company has a direct dealer relationship with Beneteau America and Jeanneau America, through its sister entity, SailTime Yacht Sales, LLC (STYS), which is wholly owned by SSA. Under this relationship, a commission is earned for any boats sold to its franchises for use within their respective programs. Commissions received on these sales are shared at a variable portion with the participating franchisees.

Adoption of New Accounting Standard - the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in the United States of America generally accepted accounting principles. The Company adopted ASC 606 with a date of the initial application of January 1, 2020. The FASB issued the accounting standards update (ASU) 2021-02, Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient and it has been elected by the Company to help reduce the cost and complexity of applying the revenue recognition guidance. This expedient permits a franchisor that is not a public business entity that enters into franchise agreements to account for the following pre-opening services provided to a franchisee as distinct from the franchise license:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Assistance in the selection of a site, b) Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation, c) Training of the franchisee's personnel or the franchisee, d) Preparation and distribution of manuals and similar material concerning operations, administration and record keeping, e) Bookkeeping, information technology and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate and other taxes or about regulations affecting the franchisee's business, f) Inspection, testing and other quality control programs.

The Company carries out the pre-opening services through multiple channels including extensive telephone consultation, franchisee website customization, location guidance and approval, on site training of franchisee personnel, use of third-party contractors for legal, marketing, social media, public relations, press releases, vessel acquisition specifications and order placement. The estimated pre-opening services cost is $15,000 and, accordingly, the Company recognizes revenue from pre-opening services up to that amount, per contract. The franchise Operations Manual outlines in detail the pre-opening service obligations of the Company.

As part of the adoption of ASC 606, the Company elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of the initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application.

The Company derives its revenues primarily from fees for royalties and marketing. Revenues are recognized when control of these services is transferred to its franchisees, in an amount that reflects the consideration the Company expects to be entitled to (it has right to invoice) in exchange for those services. Revenues from vessel sales commissions is recognized when control of the vessel is transferred to its customer, which is typically at delivery. The Company does not have any significant financing components as payment is received at or shortly after the point of sale. Costs incurred to obtain a contract are not material and are expensed as incurred.

Performance Obligations - For performance obligations related to commissions from sales of vessels, control transfers to the customer at a point in time. For performance obligations related to its services, control transfers to the customer over time. A performance obligation is satisfied over time as the customer consumes the benefits of the Company's performance at the same time as (a) the customer receives those benefits and (b) the Company performs and creates those benefits.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Judgments - The Company makes judgments in applying the new guidance that significantly affects when and how much revenue is recognized related to its customer contracts. It accounts for pre-opening services provided to a franchisee as distinct from the franchise license.

Contract Liabilities - as of December 31, 2023 and 2022 the Company had contract liabilities in the amount of $24,000 and $32,000, respectively, for the initial franchise revenue to be earned in the future. The revenue will be earned over the term of ten years, in accordance with the terms of the franchise agreement, except for when the franchise agreement expires in under ten years.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Limited Liability Company - Income Tax Status - The Company is a single member Limited Liability Company and is considered to be a disregarded entity for federal income tax purposes. The single member owner, SSA, reports the results of the Company's activity on its own income tax return. As such, the Company will not pay any federal income taxes, as any income or loss will be included in the federal tax returns of the member. Accordingly, no provision or liability for federal or state income taxes has been included in the financial statements.

Accounting for Uncertainty in Income Taxes - The Company adopted the Accounting for Uncertainty in Income Taxes topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The standard requires the recognition and measurement of uncertain tax positions taken or expected to be taken by the Company in the preparation of its tax returns. The Company determines whether it is more-likely-than-not that a certain tax position will be sustained upon examination by a taxing authority. If an uncertain tax position is less-likely-than-not to be sustained, an estimate of the potential effect is recognized in the financial statements and the uncertain tax position is required to be disclosed. Per the Company's evaluation as of December 31, 2023, including all prior tax years subject to examination, it was determined that no material adjustments were required in the financial statements for tax positions less-likely-than-not to be sustained upon examination by a taxing authority. The Company believes it is no longer subject to income tax examinations for years prior to 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments - The carrying amounts of financial instruments reported in the balance sheets, including cash equivalents, receivables, accounts payable and accrued expenses approximates their fair value due to their short-term maturity. The fair value of the Company's line-of-credit approximates its carrying value as the effective interest rates fluctuate with changes in the market rates.

Advertising - All advertising and marketing costs are expensed as incurred. Advertising and marketing expenses for the years ended December 31, 2023 and 2022 amounted to $150,432 and $95,838, respectively.

Cash and Cash Equivalents - For purposes of reporting cash flows, the Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Financial Credit Risk - The Company maintains its cash balances at one financial institution and its balances may at times exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The Company has not experienced any losses in such accounts and monitors the creditworthiness of the financial institutions with which it conducts business. Management believes that the Company is not exposed to any significant credit risk with respect to its cash balances.

Receivables - Receivables represent balances due from franchisees for initial and monthly fees. The Company has executed notes receivable agreements with selected franchisees to collect unpaid receivables.

The Company maintains an allowance for doubtful accounts, which is determined by considering a number of factors, including, if any, historical collection experience and the Company's assessment of the counterparties' ability to repay their obligations. Receivables are considered past due based on how recently payments have been received and the Company will periodically write off balances after exhausting reasonable collection efforts. At December 31, 2023 and 2022, the allowance for doubtful accounts amounted to $16,696 and $19,373, respectively. Bad debt expense for the years ended December 31, 2023 and 2022 amount to $5,000 and $50,750, respectively.

Related Party Receivables - The Company considers various factors as of the date of the financial statements in evaluating the credit quality of loans and advances to related parties, including the value of collateral, if any, historical collection experience and the Company's assessment of the counterparties' ability to repay their obligations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

To date, the Company has not experienced any losses with respect to loans and advances to related parties, and believes that all loans and advances will be recovered; therefore, an allowance for uncollectible amounts has not been recorded.

Property and Equipment - Property and equipment is recorded at cost, net of accumulated depreciation. Major additions or betterments are charged to the asset accounts while maintenance and repairs, which do not improve or extend the lives of the assets, are expensed when incurred. Depreciation is recognized using both the straight-line and accelerated methods over the estimated useful lives of the respective assets.

Valuation of Long-Lived Assets - The Company accounts for the valuation of long-lived assets under Impairment or Disposal of Long-Lived Assets topic of the FASB Accounting Standards Codification. Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, and evaluated at least annually. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheets. Management believes the value of long-lived assets exceed their carrying value as of December 31, 2023.

Adoption of FASB ASC 842 - Effective January 1, 2022, the Company adopted FASB ASC 842, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statement of Earnings and Retained Earnings. Leases with a term of less than 12 months will not record a right of use asset and lease liability, and the payments will be recognized into profit or loss on a straight-line basis over the lease term. For the purposes of its initial application, the Company selected a method to retrospectively apply ASC 842 on a modified basis to January 1, 2022 with a cumulative-effect adjustment recognized as of January 1, 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of FASB ASC 842 (Continued) - The Company elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: a) relief from determination of lease contracts included in an existing or expiring leases at the point of adoption, b) relief from having to reevaluate the classification of leases in effect at the point of adoption, and c) relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Company also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right-of-use assets.

The adoption of FASB ASC 842, Leases, did not have an effect on the Company's financial statements at December 31, 2023 and 2022, as its office lease is on a month-to-month basis.

NOTE 2 - FOREIGN OPERATIONS

Operations outside the United States include sales and royalties in various countries. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange.

Results of operations for the Company's sales in various countries are translated from the local (functional) currency to the U.S. dollar using exchange rates during the period, while assets and liabilities are translated at the exchange rate in effect at the reporting date. Sales in various countries are recorded using the U.S. dollar as the functional currency.

As a result, the transactions of those operations that are denominated in foreign currencies are re-measured into U.S. dollars , and any resulting gain or losses are included in earnings. For the years ended December 31, 2023 and 2022, there were no gains or losses from foreign currency translations.

NOTE 3 - RECEIVABLES

Receivables as of December 31, 2023 and 2022 consist of the following:

	2023	2022
Franchise Fees Receivable, Monthly Assessments of Royalties and Marketing Fees	$ 81,702	$ 183,761
Less: Allowance for Doubtful Accounts	(16,696)	(19,373)
Net Receivables	65,006	164,388
Less: Current Maturities	(65,006)	(164,388)
Net Receivables - Noncurrent	$ -	$ -

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows at December 31, 2023 and 2022:

	2023	2022
Equipment	$ 7,257	$ 7,257
Less: Accumulated Depreciation	(4,838)	(2,419)
	$ 2,419	$ 4,838
Software and Website Improvements	$ 557,512	$ 515,512
Less: Accumulated Amortization	(399,712)	(364,512)
	$ 157,800	$ 151,000

NOTE 4 - PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the years ended December 31, 2023 and 2022 amounted to $2,419 and $2,419, respectively.

Amortization expense for the years ended December 31, 2023 and 2022 amounted to $35,200 and $14,000, respectively.

NOTE 5 - DUE FROM (TO) RELATED PARTIES

Amounts due from (to) related parties represent franchise related fees due from bases owned by SSA members, reimbursement of expenses paid on their behalf and advances received from SSA members, and commissions due from STYS. The balances are unsecured, noninterest bearing and have no formal payment terms. Related party balances at December 31, 2023 and 2022 are as follows:

	2023	2022
SailTime Annapolis	$ (111,208)	$ 24,340
SailTime Baltimore	21,132	21,132
SailTime Chicago	17,556	44,185
SailTime Virginia Beach	19,039	19,039
SailTime Yacht Sales, LLC	138,009	(32,487)
Total Due from Related Parties (All Current)	$ 84,528	$ 76,209
SailTime Annapolis (Non-Current)	$ 174,479	$ 174,479
Sea Style Yacht Partners (Non-Current)	281,137	82,550
Sea Style Acquisitions LLC (Non-Current)	114,487	234,260
Notes Receivable	$ 570,103	$ 491,289

NOTE 6 - RENT EXPENSE

The Company rents office space on a month-to-month basis. Rent expense for the years ended December 31, 2023 and 2022 amounted to $17,872 and $16,513, respectively.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 9, 2024, which is the date the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To: The Members of
The SailTime Group, LLC
Annapolis, MD

We have audited the financial statements of The SailTime Group, LLC as of December 31, 2023 and 2022 and for the years then ended, and our report thereon dated April 9, 2024, which expressed an unmodified opinion on those financial statements, appears on pages 1 through 3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of General and Administrative expenses are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Costabile & Steffens PC

COSTABILE & STEFFENS PC
Certified Public Accountants

Rolling Meadows, Illinois 60008
April 9, 2024

The SailTime Group, LLC

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

For the Years Ended December 31, 2023 and 2022

(See Independent Auditor's Report on Supplementary Information)

	2023		2022	
	Amount	Percent to Total Revenue	Amount	Percent to Total Revenue
Advertising and Marketing	$ 150,432	10.65 %	$ 95,838	8.23 %
Bad Debts	5,000	0.35	50,750	4.36
Depreciation and Amortization	37,619	2.66	16,419	1.41
Dues and Subscriptions	6,595	0.47	6,570	0.56
Consulting	37,073	2.63	36,020	3.09
Charitable Contributions	9,000	0.64	2,500	0.21
Employee Benefits	8,868	0.63	5,237	0.45
Information Technology	105,627	7.48	89,507	7.68
Insurance	16,421	1.16	7,711	0.66
Office and Administrative	33,381	2.36	9,843	0.84
Professional Fees	127,204	9.01	101,799	8.74
Rent	17,872	1.27	16,513	1.42
Salaries and Wages	230,460	16.32	195,000	16.74
Taxes - Payroll	20,705	1.47	17,371	1.49
Taxes - Personal Property and Sales	16,669	1.18	1,054	0.09
Telephone and Utilities	7,163	0.51	6,541	0.56
Uniforms	188	0.01	5,922	0.51
Travel and Entertainment	40,498	2.87	47,198	4.05
Total General and Administrative Expenses	$ 870,775	61.67 %	$ 711,793	61.09 %

THE SAILTIME GROUP, LLC

LIST OF CURRENT AND FORMER FRANCHISEES

EXHIBIT H TO THE DISCLOSURE DOCUMENT

The following is the list of the name, address, and telephone number of the principal owner(s) of each SAILTIME or POWERTIME franchise or licensed base in the United States (including territories) as of December 31, 2023. Each location with an asterisk ("*") operate as both SailTime and PowerTime.

California

CHANNEL ISLANDS: Devanneaux, Charles, 13555A Fiji Way, Marina del Rey, CA 90292, (310) 409-3450

* MARINA DEL RAY: Devanneaux, Charles, 13555A Fiji Way, Marina del Rey, CA 90292, (310) 409-3450

* ORANGE COUNTY/LA: Jester, Chris, Recreational Asset Management, Inc., 1700 West Coast Highway, Newport Beach, CA 92663 (714) 878-7700

* SAN DIEGO: Hirsch, Thomas or Keenan, Harbor Island Sailing Academy, Inc., 2040 Harbor Island Drive, San Diego, CA 92101 (619) 417-3303 990-8501

SAN FRANCISCO BAY: Hagar, Mollie, For the Love of Sailing, LLC, 3300 Powell Street, Emeryville, CA 94608 (415) 869-2861

Florida

NORTH EAST: Points, Rose A. and Chuck, St. Augustine Sailing Enterprises Inc., 3076 Harbor Drive, St. Augustine, FL 32084-2123, (904) 829-0648

* SOUTH WEST: Edwards, Kelly, Gulf Coast Sail and Power, LLC, 16480 Burnt Store Road, Unit 102, Punta Gorda, Florida 33955, and 1005 Riverside Drive, Palmetto, FL 34221, (941) 210-0093

Hawaii

O'AHU: King, Brian, Moana Boat Club, LLC, 1676 Ala Moana Blvd, 101, Honolulu, HI 96815, 808-495-1035

Illinois

* CHICAGO: Remsing, Robert and Maureen, Creative Yacht Management Inc., 3119 S. Route 31, Crystal Lake, IL 60012 (815) 356-8791

Louisiana

NEW ORLEANS: Murray, Stanton, Marine Developments, LLC, 6500 Spanish Fort Blvd, New Orleans LA 70124, 504-283-2507

Massachusetts

* BOSTON: Sullivan, Paul and Moseley, Brian, Venture Eighteen Forty, LLC, 51 Pleasant St. #766, Malden, MA 02148, 314-920-3511

Michigan

DETROIT: Conrad, Dave, Great Lakes Sailing Co., 24400 Jefferson Ave, St Clair Shores, MI 48080 (231) 941-0535

New Jersey

SOUTHERN: Starner, Cherie and Michael, 65 Bayview Ave. Slip #142, Bayville, NJ 08721, (866) 724-5101

New York

* NEW YORK: Troyano, Andrew or Lawrence, Vital Force Yachting, Haverstraw Marina, 614 Beach Road, West Haverstraw, New York 10993, 800-237-1557

Oregon

* PORTLAND: Fitzhugh, Mike, Passion Yachts, LLC, 260 NE Tomahawk Island Drive, Portland, OR 97217 (503) 289-6306, Portland@sailtime.com

Pennsylvania

PHILADELPHIA: Starner, Mike and Cherie, Philadelphia Marine Center Pier 12, Columbus Blvd, Philadelphia, PA (215) 822-0183

South Carolina

CHARLESTON: Tome III, William O., Peninsula Yachts, LLC, The Harborage at Ashley Marina 33 Lockwood Drive, Charleston, SC 29401, (843) 806-1113. POWERTIME ONLY

Texas

HOUSTON: Macaluso, Evan, Watergate Yachting Center, 1500 Marina Bay Drive, Pier 4, Kemah, TX 77565 (713) 819-7327

Virginia

CHESAPEAKE BAY SOUTH: Garrett, Greg, 8172 Shore Drive, Norfolk, VA 23518 (757) 879-1504

Washington

* SEATTLE: Whiting, Peter, Seattle Yachts, 7001 Seaview Avenue NW, Suite 150, Seattle, Washington 98117 (206) 789-8044

Wisconsin

* MILWAUKEE & RACINE: Monroe, Scott, Racine Riverside Yacht Sales, 950 Erie Street, Racine, WI 262-994-1416

* NORTHERN WISCONSIN: Wons, Bill, Snowescape LLC, 3600 Co. Rd CC, Sturgeon Bay Wisconsin 54235, 920-371-5599

FORMER FRANCHISEES:

The following is a list of names, city & state of residence, and telephone numbers of the principal owner of each franchisee who left the system during the most recently completed fiscal year, or who have not communicated with us within ten weeks prior to the application date for this disclosure document:

CALIFORNIA: Elizabeth W. Chapin, Emeryville, CA, 415 869-2861 (Transferred Base)

THE SAILTIME GROUP, LLC.

MULTI-STATE ADDENDA

EXHIBIT I TO THE DISCLOSURE DOCUMENT

STATE OF CALIFORNIA

ADDENDUM TO SAILTIME GROUP, LLC DISCLOSURE DOCUMENT (CONT'D)

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation or endorsement by the commissioner.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

The highest interest rate allowed by law in California for late payments in 10% annually.

Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

ITEM 3 of the Disclosure Document is amended to add the following:

- Neither Franchisor nor any person or franchise broker in Item 2 of the UFOC is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons for membership in such association or exchange.

ITEM 12 of the Disclosure Document is amended to add the following:

- You may face competition inside your Protected Territory from our affiliates, from outlets that we own, or from other channels of distribution or competitive brands that we control.

ITEM 17 of the Disclosure Document is amended to add the following:

- You may terminate the Franchise Agreement only if you are in compliance with it and we materially breach it, and we fail to begin to cure our breach within 90 days of receiving your written notice and complete affecting the cure within a reasonable time thereafter, or if you exercise your option to terminate after 5 years in exchange for paying a stipulated exit fee. Otherwise you may not terminate at your own option for no reason, even on 1 years' notice.

- You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

- The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, non-renewal of a franchise, and restrictions on transferring a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

- The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.

- The Franchise Agreement requires application of the laws of the State of Maryland. This provision might not be enforceable under California law.

- The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

- The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec.101 et seq.).

- ITEM 17.r. of the FDD is revised to state as follows:

  For 2 years after termination or expiration, you may not solicit the business of any person that has been your customer or the customer of any of our other franchisees during the 12 months prior to the terminating event, for the purpose of inducing that person to become a member of an alternative fractional use boating organization or to allow his or her boat to be managed by an alternative fractional use sailing or boating organization

- The Franchise Agreement requires binding arbitration. The arbitration will occur in the county and state where the franchisor maintains its principal place of business, which currently is Annapolis, Maryland. The franchisor and franchisee are each responsible for paying half of the arbitrator's fees in advance of arbitration hearings, and the arbitrator's decision in the case will require the party that loses to reimburse the wining party for its share of the arbitrator's fees and any filing fees paid.

Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure documents, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
(d) Violations of any provision of this division.

Prospective franchisees are encouraged to consult private legal counsel to determine that applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of franchise agreement restricting venue to a forum outside the State of California.

The following URL address is for the franchisor's websites: www.sailtime.com and www.powertimeboating.com

FRANCHISOR'S WEBSITES HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION at www.dfpi.ca.gov

STATE OF HAWAII

ADDENDUM TO THE SAILTIME GROUP, LLC DISCLOSURE DOCUMENT

The following statements are added to the Cover Page of the Franchise Disclosure Document:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

STATE OF MARYLAND

ADDENDUM TO THE SAILTIME GROUP, LLC DISCLOSURE DOCUMENT

ITEM 17 of the Disclosure Document is amended to add the following:

- Under the Maryland Franchise Registrations and Disclosure Law, Md. Code Ann. Bus. Reg. §14-201 et seq., the general release that shall be required as a condition of renewal, termination and/or transfer shall not apply to any liability incurred under the Maryland Franchise Registration and Disclosure Law.

- For claims arising under the Maryland Franchise Registration and Disclosure Law, any litigation between franchisee and franchisor may be instituted in any court of competent jurisdiction within the State of Maryland

- Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

- In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

- The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under the applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE OF NEW YORK

ADDENDUM TO THE SAILTIME GROUP, LLC DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

> **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an

action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

   The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

STATE OF VIRGINIA

ADDENDUM TO THE SAILTIME GROUP, LLC DISCLOSURE DOCUMENT

ITEM 17.h of the Disclosure Document is amended to add the following:

1. It is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him or her by any provision contained in the franchise.

ITEM 17.t. of the Disclosure Document is amended to add the following:

1. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under the applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

THE SAILTIME GROUP, LLC

FRANCHISE AGREEMENT ADDENDA
FOR ALTERNATIVE WATERCRAFT LICENSE

EXHIBIT K TO THE DISCLOSURE DOCUMENT

ADDENDUM TO FRANCHISE AGREEMENT
FOR ALTERNATIVE WATERCRAFT LICENSE

This Addendum (this "**Addendum**") to THE SAILTIME GROUP, LLC Franchise Agreement is agreed to this ____ day of ___, 20__, between THE SAILTIME GROUP, LLC ("**Franchisor**") and _____ ("**Franchisee**") to amend and revise that certain Franchise Agreement by and between the Franchisor and Franchisee, dated _____ (the "**Franchise Agreement**") as follows:

1. Franchisee's license as granted by Franchisor under the Franchise Agreement has been exclusively for a Sailing Shared Usage Business, operating under the SailTime brand name.

2. Franchisee wishes to extend its franchise to also offer a Powerboat Shared Usage Business, operating under the PowerTime brand name.

3. Accordingly, the parties wish to revise the Franchise Agreement to permit Franchisee to offer both the Sailing and Powerboat Shared Usage Businesses.

4. In exchange for payment by Franchisee of an additional one-time fee of Ten Thousand Dollars ($10,000), which fee is fully earned by Franchisor upon receipt, the parties hereby amend Exhibit C-1 to the Franchise Agreement by replacing it with Exhibit C-1 as shown on the attached page.

5. Franchisee acknowledges that, because it is now offering both SailTime and PowerTime products, it will have to pay a Marketing Fund Contribution of $400 per month.

6. This Addendum is intended to supplement and amend the Franchise Agreement and the terms hereof are hereby incorporated by reference therein. Notwithstanding anything contained in the Franchise Agreement to the contrary, in the event of a conflict between the terms of the Franchise Agreement or any other addenda, schedules or exhibits thereto (expressly excepting this Addendum) and this Addendum, the terms of this Addendum shall govern and control. Capitalized terms used but not defined herein shall have the meaning set forth in the Franchise Agreement. This Addendum may be executed in multiple counterparts each of which shall be deemed an original but which together shall constitute one and the same instrument. An electronic signature may also constitute an original.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms.

FRANCHISOR:

The SailTime Group, LLC

By: _____

FRANCHISEE:

_____
Franchisee Signature

_____
Franchisee (print name)

Exhibit C-1

Licensed Marks and Watercraft Offerings

Franchisee is licensed to operate a Base offering the following type(s) of vessels using the Licensed Marks associated with the same:

CHECK ONE:	
_____	Sailing Vessels
_____	Powerboat Vessels
___.	Sailing and Powerboat Vessels

EXHIBIT L TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Documents be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

The document is registered on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	Pending
Maryland	Pending
New York	Pending
Virginia	Pending

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If **The SailTime Group, LLC** offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If you are a resident of Michigan, Oregon or Wisconsin you must be provided with this Disclosure Document 10 business days before signing a binding agreement.

If **The SailTime Group, LLC** does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in Exhibit A.

Issuance Date: April 15, 2025.

See Exhibit B for our resident agents authorized to receive service of process.

I have received a Disclosure Document dated April 15, 2025, that included the following Exhibits:

EXHIBIT A – LIST OF STATE AGENCIES
EXHIBIT B – LIST OF AGENTS FOR SERVICE OF PROCESS
EXHIBIT C – FRANCHISE AGREEMENT (STATE-SPECIFIC ADDENDA INCLUDED AS EXHIBIT C-11)
EXHIBIT D – NEW YACHT PURCHASE AGREEMENT
EXHIBIT E – NON-DISCLOSURE AGREEMENT (FOR PROSPECTIVE FRANCHISEES)
EXHIBIT F – OPERATIONS MANUAL TABLE OF CONTENTS
EXHIBIT G – FINANCIAL STATEMENTS
EXHIBIT H – LIST OF CURRENT AND FORMER LICENSEES AND FRANCHISEES
EXHIBIT I – MULTI-STATE ADDENDA
EXHIBIT K.-- FRANCHISE AGREEMENT ADDENDA FOR ALTERNATIVE WATERCRAFT LICENSE
EXHIBIT L. -- STATE EFFECTIVE DATES

Todd Hess acts as our franchise seller and his address is 105 Eastern Avenue, Suite 102, Annapolis, Maryland 21403, and his telephone number is (855) 855-SAIL.

Date of Receipt:	Prospective Franchisee
_____	_____, individually
	and as an officer or partner of
	a [_____ corporation]
	[_____ partnership]

KEEP THIS COPY FOR YOUR RECORDS.

RECEIPT

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Date of Receipt:

_____

Prospective Franchisee

_____, individually

and as an officer or partner of

a [_____ corporation]

[_____ partnership]

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE AND RETURN IT TO 105 EASTERN AVENUE, SUITE 102, ANNAPOLIS, MARYLAND 21403